CHF
International

Final Report

CHF International's
Cooperative Development Program (CDP)

Activities during the program extension from October 2002 through August 2004

By: Barbara Czachorska-Jones
August 2004

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Executive Summary

This report summarizes CHF International's Cooperative Development Program (CDP) activities during the program extension from October 2002 through August 2004. Four major objectives were identified in the Work Plan, each to be achieved through activities conducted in three partner countries: Bosnia, the Philippines, and South Africa, and at CHF Headquarters.

Objective 1 – Governance, focused on the governing boards of housing associations and cooperatives that are working to increase member involvement and expand services beyond housing to meet member needs. Three activities were conducted:
1) A study was conducted in four countries to learn from past CHF experiences and share lessons with respect to leadership development, decision making processes, and management strengthening in housing co-ops and homeowner associations;
2) CHF's community enhancement program methodology was perfected through CHF headquarters-based seminars, with content based on practical learning from the field. The resulting *Participatory Action for Community Enhancement (PACE) Manual* was published and distributed for use by CHF offices worldwide;
3) A total of 7 pilot projects were organized in CDP partner countries, providing successful examples of expanding services beyond housing, mobilizing membership, and generating interest in cooperative activities. An estimated 1,000 co-op members in Bosnia, Philippines, and South Africa, directly benefited from these activities.

Objective 2 – Scale, focused on improving the ability of non-governmental apex organizations to deliver quality services, diversify funding, and advocate for the interest of the sector. In each of the CDP partner countries, CHF identified apex organizations, negotiated partnership agreements, and jointly designed work plans to help apexes become more efficient. A conference with representatives from three countries brought together collaborating practitioners to determine key characteristics of effective apex organizations and improve the ways in which apex effectiveness is measured. Advocacy work conducted by each of the apexes was presented, with specific examples of the most successful actions.

Objective 3 - Conflict management, resulted in a publication of results of the *Stable Societies Study,* conducted by CHF in 5 countries in which CHF works. The purpose of the study was to develop a detailed, nuanced understanding of how CHF programs help communities manage conflict and promote democratic decision-making processes. Results of this research confirmed CHF's hypothesis that cooperative structures have the potential to be a stabilizing force in the society, and also have the potential to mitigate the causes of conflict in a manner that promotes stability and peace.

Objective 4 – Capacity Building, allowed CHF and its partner organizations in 3 countries to improve methods of applied research and dissemination of results achieved through program implementation. Methodology workshops, training of co-op and association leaders and members, sharing lessons learned through publications, cross-country learning and involvement of U.S. volunteers are reported. Examples of the most successful activities are provided.

Objective 1: Governance

"Improve the ability of the board and management of housing associations/cooperatives to increase and sustain member involvement and to expand services beyond housing to meet member needs"

This part of the report describes CHF International's work on:
- Governance in housing organizations (4-country study);
- Perfecting community enhancement methodology; and
- Expanding services to meet community concerns.

A. Governance in Housing Organizations: Sharing Lessons from the Past

CHF International believes that cooperatives or associations formed around one specific goal, such as housing, and which lack effective leadership development programs, often do not realize their potential and the organization suffers once the initial goal is achieved. The governance studies were conducted in 4 countries in which CHF worked in the past decade: Poland, South Africa, Romania, and the Philippines. CHF documented past practices in the four countries to help identify and assess key issues and dynamics relevant to effective organizational governance. CHF also explored the relationship that exists between "perceptions" of the membership and leadership, and how it impacts the organizational and social stability. CHF linked the results of this study and the learning process involved with the *Stable Society Studies* concurrently conducted under CDP Objective 3.

The Governance Study was conducted in the first half of 2003. Two types of organizations and two types of socio-economic contexts were involved. In South Africa and the Philippines, both developing countries, the organizations surveyed were cooperatives. In Poland and Romania, both post-communist states in Eastern Europe, the organizations surveyed were condominium associations.[1]

In Poland, several board members, residents/owners, and licensed managers were interviewed on emerging leadership structures and practices within the newly-established condominium associations, introduced after 1995. As in other East European countries, residents used to be tenants in structures owned by the state. With legal changes came deep structural and social changes resulting in the formation of about 110,000 condominium associations across Poland. Between 1998 and 2000, CHF assisted several of these associations located in Warsaw, Gdynia and Sopot in strengthening their governance and managerial systems and their ability to finance and implement necessary physical repairs, and improvements.

In Romania, the study focused on the changes in governance processes resulting from the transition to homeowner associations after the introduction of the new law on dwellings of 1996. Even though legally introduced earlier, tenant associations were never

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[1] *Texts of these four studies are available at CHF headquarters.*

autonomous and served as "networks of obedience" to communist authorities. Changes in their status occurred only in the mid-1990's. In the study, interviews were conducted with board members of selected associations in Western Romania, where CHF worked, and with board members of the Federation of Condominium Associations which CHF helped establish between 1994 and 1999.

In South Africa, an analysis was conducted on the "best practices of the board" and the operational experience of six selected housing cooperatives established after the end of apartheid in Port Elizabeth, East London, Cape Town, and Johannesburg. CHF International played a key role in organizing four housing cooperatives after 1994, helping these democratically governed associations to access subsidies for building new homes.

In the Philippines, 8 multi-purpose cooperatives with housing projects were included in the study. Altogether, there are today about 25,000 registered cooperatives in the Philippines, but only some of them engaged in housing projects to benefit their members. The survey was conducted to look into the leadership and management practices of cooperatives with multiple business enterprises.

The study formulated close to 20 detailed findings on issues ranging from leadership and decision-making, to management.[2] These findings validate CHF's thesis that participation in cooperative-like structures is conducive to the development of qualities such as self-reliance, taking responsibility for one's actions, and autonomy. It familiarizes co-op members with democratic structures and processes, and reinforces the principles of participation and decision making.

B. Perfecting our Community Enhancement Methodology

In many communities, tensions exist between groups of people based on religious differences, or control of resources. Often, people are isolated from the decision-making processes of their local governments. Decisions affecting the community may be handed down from the government without input from within the community. Physical improvements are needed to improve living conditions, but conflicts among groups within the communities and the inability to access local government or influence the decision making process prevents people from working together peacefully.

To capture the evolution, process, and successes of CHF International's *Participatory Action for Community Enhancement (PACE)* programs implemented throughout the world, CHF created the *PACE Methodology Manual*. It is a resource for sharing effective strategies to bring stability and development to conflict-affected communities. It also outlines the most successful practices and procedures for increasing stability within a society. CHF programs are designed not only to improve infrastructure but also to act as a catalyst to bring citizens together, increasing civic cooperation while engaging local governments to respond to the needs of its communities. The physical improvements made within the community, such as construction of roads or water systems, affect the

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[2] *The study was prepared for publication and submitted to selected periodicals or sectoral-interest magazines. Federation NATCCO from the Philippines, already expressed interest in publishing the report in order to allow over 100 of its member-organizations to benefit from this activity.*

environment and health of community members. The process behind the physical improvements paves the way to a promising tomorrow.

The *PACE Methodology Manual* reflects experience gathered in the course of implementation of CHF International programs in the following countries and regions: Azerbaijan, Guatemala, Iraq, Jordan, Lebanon, Montenegro, Serbia, Uzbekistan, and the West Bank and Gaza.

An integrated approach is necessary to establish lasting change. It works at the community level and at the local government level.

Full text of the *PACE Manual* as well as a brochure providing its overview, history, core initiatives and examples of how PACE programs work, are available from CHF Headquarters. Major elements of the manual include:

- The purpose and impact of PACE
- What is community participation under a PACE program?
- What is a community?
- What is participation (owners; transparency; accountability; participation and empowerment; micro and macro levels of community participation)
- Enablers to participation
- Impediments to participation
- What is the relationship between participation and conflict
- Key elements of a PACE program
- How to implement a PACE program
- Community Clusters: taking participation to the next level
- Exit strategies and the impact on participation.

The *PACE Manual* has been made available to all CHF offices worldwide and training of staff in PACE methodology continued throughout the process. It is now applied in several countries sharing lessons learned thus far. Regular updates of material are planned.[3]

C. Expanding Services to Meet Community Concerns

Through its activity in 3 partner countries, the Philippines, South Africa, and Bosnia-Herzegovina, CHF International set out to test its hypothesis that successfully

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[3] *More information available through CHF HQ. Promotional brochure is attached with this report.*

implemented community projects can help overcome stagnation, lack of interest and low membership involvement which is sometimes experienced by cooperatives. Seven pilot service delivery projects were organized, implemented, and evaluated between May 2002 and August 2004. The projects focused on areas such as provision of quality child or health care, environmental clean-up, and home improvement.

Valuable lessons were learned in the course of each project. CHF International engaged its local cooperative partners from start to finish. In the first stage, cooperative partners were assisted in identification of those community concerns to which the co-ops could successfully respond. In several cases, awards were made through a competitive process, with selection criteria developed to stress the soundness of project planning, reliability of performance within time and budget, and sustainability in post-completion phase. Final awards were made by a selection committee composed of representatives of CHF and its local partners.

In many ways, the results surpassed expectations and certainly proved the beginning assumption correct: in all cases successful implementation served as a mechanism to attract attention of the community at large: neighbors, businesses, educational institutions and municipal authorities. Cooperatives confirmed that they contribute to the well-being of their communities in many more ways than through their immediate business activity. The projects also succeeded in re-invigorating the membership and cooperative governing bodies. Joint planning, organization and implementation of such projects proved a great morale booster.

Philippines:

1. Cooperative Daycare Center in Tuy, Batangas Province

To satisfy the needs of families living within its housing project, the Tuy Co-op used a $15,000 grant for the construction and initial operation of the Jollikid Daycare Center.[4] A work plan was drawn with participation of 14 board members in the course of a planning workshop. Construction work was completed and inauguration of the Center was held in October 2003. Twenty pre-schoolers attended morning educational sessions. At the end of the grant completion in January 11, 2004, the total project cost amounted to $32,361.24 with $17,361.24 contributed as match by the partner cooperative.

In February 2004, an impact assessment was conducted on the Jollikid Daycare operation. Even though the six-month grant period upon which the daycare fully operated was considered too short for conducting a fair assessment of its success, some key findings were formulated (see chart below). To sustain and ensure effective and efficient daycare operations, a strategic planning workshop was conducted in May 2004 for 10 board members of Tuy Market Vendors and Community Multi-Purpose Cooperative (TMVCMPC) together with the Daycare Committee. The strategic plan is currently being finalized.

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[4] Tuy Market Vendors and Community Multi-Purpose Cooperative (TMVCMPC) received its grant on July 17, 2003, in recognition of its commitment and successful delivery of six houses more than the CDP's first phase target of 50 houses.

Jollikid Daycare Center in Tuy, Batangas, is operated by members of the Tuy cooperative and provides pre-school education for up to 20 children. This is a new service which the co-op provides to its members. In after-school hours the Center is used for board meetings and other communal activities.

2. Riverside Cooperative Solid Waste Management Project, Bacolod, Negros Occidental Province

Garbage has traditionally been dumped and accumulated along the riverside where the cooperative members' homes are located. To resolve mounting problems, the Riverside Medical Center Multi-Purpose Cooperative (RMCMPC) proposed to build a holding and sorting facility on a vacant lot adjacent to the riverside. After the separation of garbage, all reusable parts such as used paper, bottles, or bottlecaps are sold, whereas all biodegradable parts are transported to an eco-farm run by one of the coop's consultants. The Buro-Buro Vermi Farm located on the outskirts of Bacolod city uses African night earthworms (*Eudrilus euginae)* as decomposers. The resulting end product is known as the vermicompost, a high quality organic fertilizer used to fertilize the vegetables which are then sold in the local market. Aside from this, the produced earthworm biomass is also used to feed fish, chickens, and other farm animals.

At the end of the grant completion in April 2004, total project cost amounted to $26,833.41 with $11,833.41 contributed as match by RMCMPC.

Riverside Co-op Solid Waste Management Team (L) included young as well as older residents. After sorting, the waste was transported to an organic farm for processing (R). Bacolod, January 2004.

Lessons Learned in CDP-Philippines Service Delivery Pilots

Issue/Concern	Lessons Learned
Extent of community needs not well known	Performing a thorough needs assessment on a regular basis is vital in identifying the urgent and emergent need for new services or projects of cooperative members and the community. Appropriate tools must be used to accurately measure member needs and priorities.
Existing organizational constraints	Needs assessments should also look into the strengths and weaknesses of the cooperative in order to determine whether it has the organizational and financial capability to extend a new service or implement a new project.
Lack of membership involvement	Members should be consulted and involved in the conduct of needs assessments as they are the ultimate beneficiaries of whatever new service or project. At the same time, this ensures that the cooperative's new service or project enjoys the whole-hearted support and participation of members in its implementation.
Implementation planning	The creation of a structure or team that will handle the implementation of a new service or project assures its efficient and effective implementation. Cooperatives must assign the right personnel and provide them with the right skills through training.
Prior education to ensure proper implementation	Strategic planning should be conducted prior to the implementation of a new service or project. A clear plan serves as an effective guide upon which to monitor the project status, its strengths and gaps, and whether immediate measures should be taken to ensure its smooth operation.

South Africa:

3. Security Association in Amalinda, Buffalo City, Eastern Cape

Unprotected construction materials were often damaged or stolen from the Amalinda site. In response, CHF assisted in the formation of a local security cooperative to provide day and night-time protection and assist with construction of new homes.

The Security Association based on the Amalinda Housing Settlement site was formed to help the construction and site development. In Buffalo City, CHF worked in conjunction with a local NGO, Afesis-Corplan, to build a housing project for local low income residents. Once site work commenced in 2003, security became an urgent problem which required immediate action: construction materials and equipment were left unprotected on site, resulting in many cases of theft. To address the issue, CHF assisted in establishing a formalized cooperative group, trained to prevent theft and safeguard the construction site in Amalinda. Five co-op members were trained in cooperative principles, business development and management.

CHF provided funding of $13,793 to cover start-up costs. Approximately $6,897(or R40,000) was contributed as match by local NGOs and beneficiaries.

4. Yizani Sakhe Home-Based Care Cooperative, Port Elizabeth, South Africa

The Yizani Sakhe Home-Based Care Cooperative was organized in July 2003 in the Kwa Zakhele locality of Port Elizabeth. CHF International formalized, trained and registered a group of 38 members, 35 of them women in Kwa Zakhele to provide care for HIV/AIDS patients, the underprivileged community members. The members are a group of men and women from the local Methodist Church providing services to members of their community, including children.

To ensure further support, CHF is working with the Department of Agriculture to set up a vegetable garden for this cooperative in order for them to grow their own ingredients for the meals they provide, as well as enable them to sell vegetables to their community members at a reasonable price. The garden is located within the premises occupied by the cooperative. It has been provided at no cost by the Methodist Church for long term use. CHF is awaiting an answer from the Department of Agriculture as to when they will purchase water tanks and fencing for the garden site. Once these are installed, CHF will utilize a private donation already received from a CHF International Board Member, to prepare the garden for planting. A donation of plants has also been sourced as has an outlet (Pick 'n Pay Supermarket) for their seedlings. Once the premises are securely fenced off, the co-op is expected to take delivery of the seedlings.

Currently, there are 56 patients receiving HIV-AIDS home-based care and 1 meal (soup) per day. An additional 80 impoverished community members are receiving a meal (soup) every Friday

This project was co-funded with NCBA. CHF contributed over $939 (R5,450). Nelson Mandela Metro Municipality/Dept. of Agriculture contributes seedlings, water tanks and fencing at an approx. value of $1,638 (R9,500) whereas beneficiaries themselves contribute labor at an estimated value of $862 (R5,000).

Lessons Learned in CDP- South Africa Service Delivery Pilots

Issue/Concern	Lessons Learned
Learning new ways takes time	This is a process which takes time. Newly formed organizations which are just starting operations are often so pre-occupied with developing and strengthening their internal organizational systems, that they have no time or capacity to play a role in the wider arena. With time, they recognize the need for such actions and they are more willing to engage in community activities.
Low education levels among members	Members of new cooperatives need intensive instruction and training in co-op methods and in small business development techniques. Without this type of assistance, chances of success are considerably lower.
Value of demonstration of new approaches	New methods of home-based care for HIV/AIDS patients are successfully demonstrated and popularized among residents who are more likely to use them;
Authorities do not know/trust coops	Municipal authorities involved in these types of innovative projects gain trust in co-op businesses and are more likely to engage them as partners in the future;
Stake-holders do not work together: joint actions needed	Municipal authorities and other socially active organizations learn to join forces and work together with cooperative organizations to implement community-driven projects.

Bosnia & Herzegovina:

5. Waste Paper Management Project, Maglaj

The Maglaj Homeowner Association called its project *"Sorting and collecting old paper - a step closer to Europe."* The group recognized the fact that joint activities may not only bring residents together but also contribute to the heightening of awareness and education in environmental matters, very important in the EU context. Each participating building interested in the project received its own box for collecting paper and the association organized transport and sale of waste paper to a local paper factory. 20% of the amount received from the sale was kept by the Association and used to cover its operational costs whereas the remaining amount was used to refurbish and repair selected common areas. As part of the project the association conducted two workshops, in which it promoted their ideas and methodology.

Residents of Maglaj Homeowner Associations collected, sorted, and sold old paper using the proceeds to cover the costs of refurbishing common areas in the building.

Project activities were also treated as an opportunity to emphasize local educational and environmental concerns. Participants included teachers and students from Maglaj secondary school as well as Maglaj-based association ECO. By the end of April, an astounding number of 78 buildings joined the campaign, followed by 42 businesses and administration offices. Together, participants managed to collect 10,261 kilograms of paper and generated revenue in the amount of 1,334.93 KM ($837) for the association. Although the amount received was lower than anticipated and the costs were relatively high (including truck rental, workers for loading/unloading), the project was deemed a great success. It is self sustainable and chances are good that it will continue in the near future.

6. Revitalization of Green Areas in Otoka Neighborhood, Sarajevo

This project was organized by CHF's partner The Homeowner Association in Sarajevo. During the implementation, local residents of all ages were involved including school children and retirees. The Association hoped to attract new young members, which, however, proved to be a problem.

On the other hand, the project succeeded in attracting considerable attention of local municipal authorities as well as local enterprises. Municipality Novo Sarajevo treated the Otoka project as part of its own complete program of revitalization of green areas, and, triggered by the successful action of the association, decided to do more than originally planned. Not only did it complement the Homeowner Association's project but proceeded to revitalize neighborhood sport fields. For years this was something the Municipality talked about but its promises were never fulfilled. Through the success of the CHF-supported project, The Homeowners Association was thus able to exert significant

pressure on the municipality. This resulted in mobilizing the inactive government structure to benefit homeowners. Given the past characterized by stagnant municipal authorities, lack of interest in housing matters and in cooperation with homeowners to improve their living conditions, this mobilizing effect can be considered an even greater achievement than revitalization of green areas. The Association additionally benefited by recognizing its own power vis-a-vis the municipality and by gaining the opportunity to develop future joint programs.

Young and old Residents of Otoka helped clean the lawns and planned and reconstructed foot-paths. They learned about environmental concerns and ways to manage urban green areas.

7. Feasibility of Group Lending for Home Improvement in Bosnia

Widespread physical damage resulting from the conflict in Bosnia in 1990's still remains largely unaddressed. Sources of funding for home improvement are scarce and there are no systems of practical support to help residents access what may be available. As of spring of 2004, no Bosnian institution had prior experience with group lending for home improvement projects. Given this situation, CHF's pilot focused on testing the modalities for issuing group loans and the conditions of preparing homeowner associations and residents for these new types of services.

The test group loans were launched through Mikro-REZ Fund, a local micro credit organization established earlier through another CHF International program. The complete process (from initial loan promotion to actual lending and implementation) was explored in two smaller communities: Travnik and Maglaj, where CHF helped establish and train partner homeowners associations. Throughout the process, partner associations played a significant role in promoting the program, in organizing home-owners and assisting them in fulfilling all set requirements. Both associations perceived group loans as an important step towards resolving outstanding home improvement and maintenance problems, currently widely experienced in multi-family apartment buildings. With CHF assistance, Mikro-REZ defined criteria for group loans.

18 homeowners in Maglaj took a renovation loan. The results before (left) and after (right) convinced them that financing home improvements through loans may help address the country's post-conflict housing problems.

Lessons Learned in CDP- Bosnia Service Delivery Pilots

Issue/Concern	Lessons Learned
Homeowners not interested in investing in home improvements	Even though the need for home improvement loans in Bosnia is evident, there are many obstacles that make group lending complicated. Homeowners of a significant number of flats have not yet returned. Sometimes these flats have been repossessed but they are either empty or sub-let to new tenants. Owners are not interested in investing in home improvement or in renovation of common areas. In the majority of cases they are simply waiting for a good opportunity to sell their apartment while home improvement needs remain unresolved.
Low income residents need assistance	In a typical building, homeowners represent a mix of people including those currently employed, retired and unemployed. Differences in terms of household incomes can be significant: while some homeowners may be able to afford group loans, there are many others who will not. Comprehensive support systems are needed.

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Homeowners do not understand their responsibilities as borrowers	More preparation of potential borrowers is needed. Representatives of credit providers, homeowner associations, and building representatives need to join forces to educate the borrowers about all aspects of group loans. This approach will allow eliminating, or at least minimizing situations similar to those experienced under the CDP pilot when the whole process was followed through but the loan was not taken.[5]
Homeowner associations have no experience in managing projects	Implementation of home improvement projects is difficult. Associations do not have experience in prioritizing, budgeting, organizing bids, running the tenders, or monitoring implementation on behalf of homeowners. At the same time, they realize this can be an important new service offered to members. In order to bring associations get up to speed, it is necessary to organize specialized training and assist in gaining the necessary knowledge and experience.
Concept of group loans very new	Group loans for home improvements are something very new in the Bosnian housing market so people need time to be acquainted with the concepts and practice. So far, homeowners have not developed a uniform attitude towards joint responsibility. While some prefer to share the risk with their neighbors and favor group loans, others prefer to take small individual loans within the scope of one big one. It might also be useful to investigate the possibility of going into partnership with management agents, some of whom are currently using a very limited and simplified version of group lending.
Demonstration and practical examples needed	Based on experience gained so far, once a loan is taken, home improvements are implemented very quickly and repayment by homeowners is regular.
Costs of loan preparation and processing still very high	Comparison of the ultimate value of successful group loans, the amount of time and effort needed for preparation of borrowers and for processing does not favor such projects. However, we should consider current lending activities a learning process. We can reasonably expect that once all processes are refined and more experience is gained, less time and work for preparation and support will be needed.

As a result of these activities in the 3 CDP countries CHF International concluded that successful cooperative delivery projects addressing current community concerns serve as effective marketing tools to promote the organization and the cooperative principles. Community-driven service projects help cooperatives to attain a stronger position vis-à-vis local authorities, and influence them to directly support their projects or implement similar projects in the future.

Within the context of individual cooperative organizations, expansion of services and community orientation of projects helps attract new cooperative membership and encourage involvement by not-so-active members. As observed throughout the CDP activities, the interest in cooperative membership has swelled, especially among residents of adjacent communities. Community-oriented service delivery project has thus served as an attractive gateway for membership in the Cooperative.

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[5] *Sometimes, few homeowners interested in a loan may push for it without support and consent of other owners. However, when it comes to signing loan documents those who do not agree simply do not sign and ultimately, the loan is never issued.*

Objective 2 - Scale

"Improve ability of non-governmental housing and community development apex organizations to deliver quality services, diversify financially, and advocate for the interests of the sector."

In this part of the report, we present the results of CHF International's work conducted between 2002 and 2004, in the following areas:
- Helping apexes become more efficient
- Perfecting ways to measure apex effectiveness
- Developing housing policies and advocacy

A. Helping Apexes Become More Efficient

CHF sees the scale objective as key to the success of the cooperative approach to housing and community development. In designing the program, it was determined that successful projects with individual co-ops and associations in a given country are not sufficient to achieve national scale and to improve the enabling environment for the development of cooperative housing and community services. Achieving national scale requires viable, demand-driven apex organizations, which emerge from a network of strong member organizations that can represent the interests of the sector and support its growth and expansion. Apex organizations can enhance the cooperative agenda by reducing environmental barriers and strengthening the capacities of member cooperatives.
In the course of CDP, CHF was working with the following three organizations:
- Bosnia and Herzegovina Association of Tenants (BIHUSS)
- National Cooperative Association of South Africa (NCASA)
- National Confederation of Cooperatives (NATCCO) in the Philippines.

1. Differing Characteristics and Experiences of CDP Apex Partners

Variable features of these organizations were revealed in the results of the apex organization health assessment which was conducted by CHF in the fall of 2003 in each country.[6] In one sense, apex organizations are like other nongovernmental organizations, and we should assess them according to their performance in the areas such as operations, governance, and finance. They are different, however, in that they are composed of member organizations who often participate in their planning and governance. Thus, in addition to common performance areas, we should also assess how members participate in the organization.

Some argue that member participation is the most important area to be scrutinized in an apex organization assessment, given its importance in governance and programming.

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[6]*The Assessment Tool for Apex Organizations (attached separately with this report) is one such form of assistance, through which we assess our partners' organizational health.*

However, areas such as finance, operations, and strategic planning are just as important and should not be ignored. The assessment sought information on the governance, planning, operations, programming, personnel, financing, marketing and fundraising functions of the three partner apexes. The following comparative features were considered:

- Organizational Structure and Member Participation
- Services
- Marketing, Fundraising and Finances
- Mission and Strategy.

2. Key Characteristics of an Effective Apex Organization

In order to help partner apexes identify ways in which to improve their operations, CHF worked on identifying key characteristics which impact organizational effectiveness. Results of this research were used in the course of "Organizational Health Assessments" conducted in each of the partner apexes. These assessments as well as criteria used to evaluate the "health" of these organizations were discussed in the February 2004 workshop, hosted by CDP- South Africa, with participation of CDP country partners and several South African guests. Workshop participants contributed by formulating practitioners' comments on how each element impacts effectiveness and what measures can be taken to improve the level of effectiveness.

The following characteristics seem to be key.[7]

Key Characteristics	Impact on Effectiveness	Practical Lessons Learned: What can be done to make apexes more effective
Mission	Understanding the overarching vision and corresponding goals is essential for an organization to perform well and retain and/or increase its constituent base.	• As much as possible, apexes should consult and involve members in formulation of the mission so as to ensure widespread buy-in and help to focus. • Periodic revisions are needed to make sure that the mission takes into consideration current concerns and members' interests. Mission statement should not be static but a "living document." • Ability to prioritize becomes crucial. Clear organizational mission can help in this process. When resources are scarce, there are many more demands than an apex can handle so it needs to be very clear and realistic in what it can do/provide. When organizations loose sight of their ultimate mission, they run into danger of becoming too thinly spread and susceptible to be taken over by other agendas
Governance	Those overseeing the organization at the highest level are responsible both in a business sense as well as socially. One of their top priorities is to be responsive to member needs, and they are able to balance that with the best interests of the organization.	• Communication becomes key. Leaders of apexes must develop acceptable and adaptable means of communicating with members and getting their feedback. Various currently used mechanisms are: periodic baseline surveys; evaluations and service-related member satisfaction surveys; working through sub-committees which allow to involve a larger percentage of members and provides forum for getting their feedback; consultative meetings and forums. "social audits" in field, etc.. • Apex will not be effective is members are not empowered to participate in the decision making process. Level of member consciousness needs to increase (see also below comments on demand).

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[7] As part of Assessment, a set of ideal features and standard measurements was prepared. One important, and perhaps unique, component of managing an apex is member participation: both in the organization's programs as well as its governance. Since it is democratic, managing an apex organization is quite different from managing a private firm or a traditional nongovernmental organization. Member involvement is incorporated into each management area, and to an extent, this participation is managed by staff.

Planning	Apex organizations set goals and objectives on a regular basis and involve a range of stakeholders, including board, staff, and members. Their goals are specific and measurable, so that they can track their progress and determine their level of success.	• Apexes need to be realistic about what they can do and have to learn to say "no" when there is no corresponding capacity. Expectations on the part of members are huge. There is a need to be clear and selective in services that are offered while at the same time sensitive to tensions which result from scarcity of resources. • It may be helpful to determine priority and secondary areas of operation in close relation to available funding; going beyond the designated area would require deeper consultation and/or additional action. • In order to maximize their offer to members, apexes need to partner with other organizations and develop active linkages. Partnerships are not utilized enough.
Operations & Programs:	Apexes strive to create dynamic and efficient systems of operations. Managers recognize the importance of using funds wisely and regularly evaluate operations with an eye for improvement. Programs are driven by demand in that they are relevant to member needs and perhaps produce income that contributes to their administration.	• Strategic partnerships should be more widely used to expand the offer and impact. Such partnerships are still not widely enough • Avoiding duplication and better coordination: apexes must be able to know and provide information to members about other available assistance programs and make sure that services they offer are not duplicating what is otherwise available. This is even more difficult in multi-sectoral apexes, where demand is wider and more diverse; technical training programs focused on specific industry or area may help meet the demand • At the same time, apexes must be pro-active in seeking opportunities to advance members' interests in multi-sectoral operations. This is a proper role for them to play (example: transport issues need to be addressed when housing projects are developed; apex becomes a perfect forum to bring together representatives of various sectors in cross-cutting projects). • "Clusters" approach should be used more often to minimize costs of travel on long distances.
Personnel:	Apexes strive to create a positive work environment that empowers employees by providing meaningful employment and involving them in the decision making process	• Quality personnel are key but difficult to achieve given usual funding constraints. Too often, employees of apex organizations do not understand how diverse are member needs or how to address them. • Educating and training employees is effective; thru participation in events, employees gain practical knowledge not offered in controlled situations.
Finance	Apex organizations recognize that managing funds is critical to success. Professionals trained in finance and accounting administer a system designed to suit the organization's needs.	• Accepted financial standards should be regularly used to evaluate the soundness of apex organization • Apexes should conduct regular financial audits as well as periodic internal evaluations so as to be sure what they can afford. When resources are limited, prioritizing becomes crucial. • When funds are received from donors, often a tension develops between the apex and the donor to whom the apex is responsible for proper use of funds. The most common examples: either funds are not enough to satisfy programmatic expectations of the donor, or there is a difference in how both organizations want to use the funds. The best way to avoid such tensions is to work together BEFORE programs are finalized are funds received. Apexes should be more open when negotiating with donors and stick to their position even if it makes negotiations more difficult.
Marketing & Fundraising:	Apex organizations seek to create positive public profiles that enhance their programs through public support. Building upon a base of member dues, they work to diversify their income	• Apexes have the unique advantage of speaking with a "stronger voice" because they represent many. May not realize how strong - need to learn to use it. • As a goal, financial sustainability and diversification of funds still very difficult. Many member organizations experience difficulty in paying membership dues and long-term sustainability becomes doubtful. At the same time, apexes should avoid direct financial involvement by government bodies because such funding may distort organizational

	streams by building fundraising programs that utilize the resources of the public and private sectors.	goals and give raise to undue influence.
Demand	An NGO's success depends on how well it is able to identify and meet its constituency's demand. Apex organizations, because of their democratic structure, may be uniquely prepared to meet member demand, which may in turn make them well-suited to develop programs that produce income	• Apexes need to be held accountable by members for what they do. This element is often missing ("we report on money we get but not whether the actions conform to what the grassroots want"). On the reverse side, consciousness of members is low. It needs to increase so that leaders of apexes feel the responsibility to become more effective and responsive. • Members need to feel they are empowered to speak and demand accountability for decisions taken by leaders. Apex will not be effective if members are not empowered to participate in the decision making process. • In modern world, specialization is very important but should not lead to isolation. Cooperation between groups, industries, or sectors must be actively sought and demand or specialized groups of members balanced with the others. • Use member satisfaction surveys more often to gauge the degree of responsiveness to demand.

3. Measuring Apex Effectiveness

The effectiveness of a business is relatively easy to measure as it is based on the quantitative indicator of profit. There are other objectives that companies track, but profit is the focus. Measuring the effectiveness of apex organizations is different because profit is not the driving factor. One approach to measuring success is to adopt other measurable goals, such as the number of housing units developed. However, other objectives like "empowering people" are difficult to measure. How do you know when someone has been empowered? And to what degree?

One approach is to break down the components involved with empowering someone: for instance, attending a community meeting, conducting a workshop, or running for the board of directors. If an organization tracks the number of people that participated in each activity, it can begin to measure a seemingly immeasurable objective. In the end, though, it is still difficult to determine the degree to which someone was empowered because it is so personal and we cannot see or touch or taste it. Measuring success in this way will likely never be perfect but it is a good system for many organizations. Positive examples of effective actions from the CDP experience of the reporting period (2002-2004) include the following:

- *Filipino cooperatives can access credit offered through the National Confederation of Cooperatives (NATCCO)*
  To expand its lending potential NATCCO created its Central Loan Fund Facility. Mr. Guetschoff, CHF's VIP® volunteer, worked with the Fund Manager to develop recommendations for policies and operations. To assist NATCCO in promoting investments to their fund, four road shows funded by CHF were conducted on the three major islands of the country and Metro Manila. As of May 31, 2004, 106 participants representing 92 cooperatives attended the events and $542,449 has been raised from the investments of 32 cooperatives and organizations. This is 2,902% of the original target amount of $18,692. A Loan Officer has been hired by NATCCO to oversee the processing of loan

applications. Ten cooperatives and six individuals have accessed loans from the Central Loan Fund for various projects amounting to $377,383[8]. NATCCO has also been offered access to the Oiko Credit Facility with as much as $560,748 available for NATCCO's loan fund to cover loans aside from housing.

- *The National Cooperative Association of South Africa (NCASA) helps set up the Federation of Housing Cooperatives in South Africa*
  The idea of setting up such an organization has been discussed widely, given the recently growing number of housing cooperatives. Several consultative workshops were held in different provinces of South Africa to gauge the needs and grassroots responsiveness to the idea[9]. As a result of these discussions, rather than expanding NCASA, the focus moved toward setting up a new organization, where housing cooperatives themselves would take the lead in the management and the day-to-day running of their affairs. Ultimately, the buy-in for the initiative was sought and obtained from the National Ministry of Housing, the Department of Trade and Industry, the Peoples Housing Process, the International Labour Organization (ILO), the Social Housing Foundation, Rooftops Canada, and Cope Housing Association who indicated their willingness to be part of the team in setting up the structure. The mission of the new organization is still under development.[10]

- *The Bosnia and Herzegovina Association of Tenants (BIHUSS) Captures Attention of Cantonal Officials in Bosnia*
  To bring attention to housing issues, BIHUSS organized the events of the International Day of Tenants in October 2003. Posters were printed and distributed throughout the Federation, an interview was given to a federal newspaper and announcements were made on a few local radio stations. Media were invited to follow all conferences and workshops organized by BIHUSS but only a few participated (unfortunately, housing is still not considered "catchy" or interesting as a media subject). As a result of these outreach activities, BIHUSS managed to attract the attention of local authorities and its representatives were invited to co-organize the debate on a draft of housing law in Sarajevo Canton. Through meetings with homeowners, BIHUSS became widely known as a source of information and advocacy, often speaking about new housing laws in Sarajevo as well as other Cantons.

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[8] *However, a loan for a housing project still has to be approved and released. Similarly, even though NATCCO has also leveraged funding amounting to US$4,672,897 for housing projects of cooperatives from the Development Bank of the Philippines (DBP), due to the stringent requirements of DBP as well as the high interest rate, so far no cooperative has availed of the fund.*

[9] *Four National Task Team Workshops were held between 2003 and 2004. Details available at CHF HQ.*

[10] *The launch of the federation took place on 28, 29 and 30 May 2004 at the Randburg Towers Hotel, Johannesburg South Africa receiving support of the National Ministry of Housing and other South African organizations. As stated in the statute, SAHCA will serve as a national apex organization that will:*
  i) facilitate enabling environment and planned process of national network of primary Housing Cooperatives;
  ii) promote sharing of experience and knowledge among Housing Cooperatives;
  iii) identify and strengthen appropriate support services for Housing Cooperatives in South Africa;
  iv) closely track and monitor the improvements made by NCASA in advancing the objectives of the newly established mission.

B. Developing Housing Policies and Advocacy

In each CDP partner country, a number of activities implemented in collaboration with apex partners contributed to the development of housing policies and a more supportive regulatory environment.

South Africa:

4. Broadening the networks and learning from others (Study Tour to the U.S.)

The U.S. Study Tour "*Affordable Housing Study Tour for Practitioners from South Africa*" was facilitated by the CHF International headquarters office in Maryland with funding from USAID Pretoria, South Africa and organized by the Social Housing Foundation. The purpose of the trip (December 2-11, 2002) was to get U.S. exposure to social housing and to learn how the U.S. deals with its rental housing supply.

Participants represented Social Housing Foundation (SHF), the Housing Association of East London, the First Housing Company, the Greater Middleburg Housing Association, the National Housing Finance Corporation and the Greater Germiston Inner City Housing Corporation.

Participants of the Study Tour included representatives of several institutions responsible for housing in South Africa. During the tour, the team visited several government departments and organizations in the Washington, D.C. Metropolitan area. During these visits, the group met senior officials to exchange information on U.S. and South African experiences. Meetings took place with the representatives of the following institutions: U.S. Housing and Urban Development Department's Office of Affordable Housing Programs, Fannie Mae, Bank of America, Montgomery County Housing Partnership Incorporated, AHC, Inc., Housing Opportunities Commission, Maryland Department of Housing Community Development, and many others[11].

The participants acquired an understanding of the national, state and local level policies and programs for affordable housing, the funding of the programs from public and private sources, the development and management of affordable housing projects, alternative types of affordable housing tenure, low-income neighborhood renovation, and the

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[11] *Both the U.S. agencies visited by participants and South African institutions contributed a total of $16,754. Study Tour description and day-to-day agenda is available at CHFHQ. Also available is a report by one of the participants, providing comments and an overview of ideas on how the tour's experience may be used in further work in South Africa.*

development of economic opportunities for the residents of affordable housing projects and renovated low-income neighborhoods.

5. Contributing to Work on the Cooperative Bill

CHF International's collaboration with the Social Housing Foundation (SHF), developed and strengthened through the Study Tour, continued throughout the CDP program period (2002-2004), with CHF supporting several SHF initiatives.

One of such initiatives was formation of a Housing Cooperative Policy Working Group as a forum where housing cooperative policy issues are debated and discussed. The forum invited representatives from all the established housing cooperatives, national, provincial and local authorities, housing department representatives that engage with housing cooperatives, as well as legal advisors, support organizations, resource persons and partners that are working in the cooperative housing sector currently.[12]

The working group noted that the current Housing Cooperatives Statutes that are being used to register housing cooperatives (tier 1 and 3) are not quite suited to the purpose, objectives, and function of the housing cooperatives. The working group therefore decided to convene a workshop where the Housing Cooperative Statutes could be presented and discussed as a means of gaining insight into the areas where changes and work are required on the statutes. It was further decided to prepare a submission on the Cooperative Bill collectively representing the views and issues facing housing cooperatives.

The final Bill will be submitted to parliament in the latter half of 2004 and President Mbeki has stated that it will be passed before the end of 2004.

6. Informal Traders Policy

As a means to assist the Nelson Mandela Metropolitan Municipality (NMMM) to develop an informed policy on informal trading, CDP and CEBI facilitated nine consultative meetings with informal traders/hawkers at five selected major bus/taxi stops. The process involved the participation of ward councilors whose jurisdiction include these bus and taxi stops. Attendance was high with a total of 308.

Feedback from these consultative meetings was assembled for the development of the program and agenda for the planned seminar in November 2004. CHF has secured the services of Streetnet Secretariat (an international member-based street vendors organization) to facilitate this seminar. It is intended that the input and resolutions taken at this seminar will form the basis for formulating informal trading policy. Formal businesses and labor movements will be invited for input in this seminar.

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[12] *A core group and a reference group were established to look at the Bill. The core group comprised: Cope Housing Association (Cope); Cape Town Cooperatives; Social Housing Foundation (SHF); CHF International; International TAs. SHF assisted with the co-ordination of this process and received feedback which was then distributed. Cope assisted with expertise and networking within the sector.*

Philippines:

7. Housing Policies Development and Advocacy

One of CHF International's CDP goals was to improve NATCCO's ability to lobby and advocate on behalf of the sector by providing technical assistance and outside expertise to assist in the review and preparation of regulatory changes. As an intermediate objective, the plan was to develop a legislative and advocacy strategy, and types of alliances necessary, approved by the membership.

The Housing Cooperative Resource Council which was targeted to be organized during the partnership never came through. However, the task of documenting policy issues and recommendations on cooperative housing was assumed by NATCCO's Cooperative Policy Research and Institutional Development Department (COPRIDD), which also assists the entire network with policy recommendations affecting the cooperative sector. CHF assisted and provided funding for the Housing Policy Forums in May 2002 and September 2003. Based on the Housing Policy forums, COPRIDD came up with a Housing Policy Paper which was endorsed by 22 representatives of 13 cooperatives, together with the representative of the Office of Congressman Generoso Tulagan (Chairperson of the Committee on Cooperatives in the House of Representatives).

The Policy Paper[13] recommends specific actions at three levels: legislative, national, and local government.

Bosnia & Herzegovina:

8. Bringing housing issues into focus; educating decision-makers and owners

Given the situation in B&H, the focus of CDP advocacy was slightly different than in the other countries. In collaboration with our local partner BIHUSS, CHF contributed to an intensive advocacy campaign bringing housing issues into the focus of national and local policy makers. So far, unfortunately, housing is still sadly neglected in Bosnia and is generally "out of focus" of such institutions. By educating, networking, and building relations at all levels, BIHUSS played an important role in focusing attention on housing.

Starting at the grass-root level, BIHUSS organized activities to promote the general idea of the owners' responsibility for proper management and maintenance of housing stock and the need for collaboration with governmental authorities. It started with observing International Day of Tenants in October 2003, when posters were printed and distributed throughout the Federation, and an interview was given to a federal newspaper and announcements made on a few local radio stations. Media were invited to follow all conferences and workshops. Unfortunately, media participation was low as housing is still considered "not catchy enough" or interesting as a media subject. Small successes were registered, however: the media report on the BIHUSS meeting attracted the attention of local authorities. As a result, BIHUSS was invited to co-organize the debate on a draft of the housing law in Sarajevo Canton. Through meetings with homeowners,

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[13] *The Policy Paper was published in the network's Co-op Sector quarterly newsletter and in one daily newspaper (Philippine Daily Inquirer). More information is available through CHF HQ.*

BIHUSS became widely known as a source of information and advocacy, often speaking about new housing laws in Sarajevo as well as other cantons.

Also to bring national attention to housing, BIHUSS was present at the Congress of the International Union of Tenants (IUT) held in September 2003 in Zagreb (BIHUSS is a member of IUT). In a presentation prepared by BIHUSS members, the situation of housing in B&H was explained, with emphasis on the problem of post-conflict returnees.[14]

9. Advocating and Promoting Housing Issues

This is still a difficult process but BIHUSS persists in playing a very important role in initiating communication between various groups involved in housing. Several attempts to bring together those responsible for formulating housing policies, their implementation, and ultimate end users (home-owners), have failed. Nevertheless, BIHUSS persevered. Either on their own, or in cooperation with management agents or municipal or canton governments, BIHUSS organized different workshops and conferences. Though focused mainly on management and maintenance of buildings, these seminars served as important alliance builders since there is no cooperation among canton governments and management agents who provide information to the law makers and implementation bodies. Although invited, representatives from different cantons and municipal governments are rarely present at such conferences (except in cases where they are one of the hosts).

Several workshops and conferences organized by BIHUSS during the implementation of CDP (2002-2004). The number of participants in these events exceeded 1,000.

10. Commenting on New Cantonal Laws

During the spring of 2004, BIHUSS was very active in commenting on new laws on management and maintenance which should be adopted in Sarajevo and Zenica Cantons. Together with the Housing Ministry in Canton Sarajevo, BIHUSS organized a round table to discuss these laws. The homeowner association from Otoka (Sarajevo) was also invited to give comments. In Zenica Doboj Canton, BIHUSS initiated a public debate on the new law carried out through weekly radio shows which were broadcast for 5 weeks in a row. BIHUSS board members as well as their guests were talking about the importance of proper maintenance of the housing. The CDP coordinator, also invited to take part in the show, promoted the idea of homeowners' associations.

C. CCDN Research and Feasibility Study

In its search for new ways of achieving scale results, CHF International undertook a study to determine the need for, potential interest in, and scope of a network of housing and community development organizations, calling the concept the Cooperative Community Development Network (CCDN). Such a network could significantly increase the scale and effectiveness of CHF's efforts in the housing and community development sector by reaching more organizations in more countries, and could feasibly enhance the profile of CHF as a visible leader in this sector.

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[14] *One of the issues of IUT magazine, Global Tenant, included text prepared by BIHUSS: "Bosnia and Herzegovina and the Aftermath of War." It was published in January issue of Global Tenant.*

A survey tool was developed and sent to over 20 partner organizations worldwide, many of them collaborating with CHF in implementation of programs other than CDP. Feedback was gathered regarding the scope and scale of interest of grassroots member organizations, as well as foreseeable challenges and difficulties. Among the latter, the most often identified were technical problems (i.e. lack of access to computers), and language problems (lack of knowledge of English). Following this research, the feasibility study was prepared with a specialized consultant, including analysis of the possible models of community development networks and competitive environment, analysis of potentially offered products, as well as cost analysis.[15]

The feasibility analysis concluded that the development of the CCDN network is feasible. Based on survey responses there appears to be audience interest and an unmet need. With some investment (projected by the analysis over a 3-5 year period, CHF International seems able to meet this need. The consultant provided suggestions as to network design for CHF's consideration. Forum One recommended that CCDN be an inclusive, no-fee network leveraging country office staff, with key target organizations to be considered as "super users" responsible for providing content, accessing smaller member organizations and recruiting new members. The CCDN concept and results of the analysis were presented to CHF HQ staff in order to formulate recommendation as to future models and possible further action by the Executive Office.

Objective 3 - Conflict Management

"Increase understanding of the role that co-op/association leadership, organizational structure and management play in conflict resolution and prevention"

To achieve this objective, CHF International organized and conducted the *Stable Societies Study* in the following countries: Azerbaijan, Bosnia, Guatemala, Lebanon[16] and Serbia. The primary researchers were four consultants with expertise and significant experience in analyzing community-level conflict and democratization dynamics. Their field work, consisting of two to three weeks in the area studied, was conducted in the fall of 2003. Background surveys were conducted in these countries (with the exception of Azerbaijan) in the fall of 2002.

The purpose of the study was to develop a detailed, nuanced understanding of how CHF International's programs help communities manage conflict and promote democratic decision-making processes. The study collected qualitative information from individuals that is self-reported and subjective, which are universal characteristics of qualitative research information. We believe that the information is valid and useful, and only note that it should be used reasonably.

The survey sampled three communities in each country according to specific criteria. Interviews included CHF Country Director and Program Director, if applicable and available; 2-3 Community Facilitators; and 1-2 Project Engineers. 3-6 community

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[15] *Forum One Communications assisted CHF in finalizing the feasibility study and cost analysis. Detailed report is available at CHF HQ.*

[16] *The methodology used for Lebanon was different than what is described here. That study was conducted in the fall of 2002 and combined quantitative data collection with qualitative observation by the team of researchers who wrote the final study.*

members were also interviewed.[17] Altogether, roughly 50 interviews were conducted in each country, with most interviews lasting between an hour and an hour and a half. Except those in Guatemala, all interviews were conducted with a local interpreter. Every effort was made to balance individuals interviewed in terms of gender and ethnicity, though in some communities interviewing women proved difficult. Interviewees were not compensated for their participation.

L: In a joint ceremony in Levosoje, Serbia, local government and NGO officials cut the ribbon to open a successfully completed project. R: Assisted by CHF, participants in community meetings took democratic decisions in identifying project priorities and learned to work together. Azerbaijan, summer 2003.

The core of the study was its working hypothesis*: Cooperative Structures have the potential to be a potent natural antidote to the forces that lead societies towards violent conflict, and thus a stabilizing force.* Cooperative structures are organizations that combine:

- Peaceful decision-making processes concerning the acquisition of basic needs
- Membership that is strongly motivated around these basic needs
- Sustainable indigenous roots
- A need for and appreciation of democratic management
- An appreciation of and active support for economic and political pluralism
- Expectations of responsiveness from and accountability of leadership
- Confidence in the right to participate in governance

Cooperative structures have the potential to mitigate these causes in a manner that promotes stability and peace. This can occur through several mechanisms, described in the six sub-hypotheses.[18]

Results of the study are documented in detail and presented in a separate CHF publication.[19] The scope of the CHF International study may not allow for the level of conclusion seen in other studies (most importantly, the Varshney study[20]). But it is interesting to note that the conclusions and inferences drawn by the CHF International

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[17] *To the extent possible, the following people were interviewed in each community studied: 4-6 members of the CHF International-sponsored community council; 3 community members who were active participants in the CHF program; 3 community members who were not participants in the CHF program; 1-2 local political or religious leaders.*

[18] *In detail presented in full text of the study.*

[19] *Available from CHF Headquarters.*

[20] *Ashutosh Varshney of the University of Michigan, Ethnic Conflict & Civic Life: Hindus & Muslims in India (Yale University Press).*

study closely parallel the conclusions of the Varshney study, though he scrutinizes a different conflict than those addressed in the CHF International study.

A number of reasonable inferences and findings are clearly evident. They can guide us and serve as the basis for future discussion and debate. The findings and lessons learned from the study to date are divided into four categories: democratic processes, leadership, resources and scale and impact beyond the community.

Objective 4 – Capacity Building

"Strengthen the capacity of CHF International and our local partners to evaluate, research and analyze, and disseminate lessons learned"

In this part of report, we will describe results achieved with respect to:
- Working with other cooperative organizations, OCDC members,
- Improving Methods of Research and Results' Dissemination, and
- Cross-country learning.

A. Working with other Cooperative Organizations, OCDC Members.

All throughout the reporting period CHF participated in on-going OCDC activities towards formulation of a framework for analysis of a co-op approach to economic development. Resultes of this effort were applied in analysis of the past CDP programs concluding Phase I of CDP. Recently, joint work was directed toward formulation of a study determining conditions of supportive legal and regulatory environment. Preliminary plans were developed to continue this work in the course of CDP Phase III, anticipated to start in the fall of 2004.

B. Improving Methods of Research and Results' Dissemination

CHF believes that learning is a process which needs to be periodically evaluated and continuously perfected to maximize impact. Similarly, verification through practical application needs to occur and the results shared as widely as possible to allow for successful replication and contextualization of used methodology. During the whole CDP Phase II we learned from our own work in other countries, and made sure that useful past experience is explored through training courses, methodology workshops and seminars. We improved our methods of gathering feedback from other CHF staff and programs, and sharing lessons learned through widely accessible publications. This part of the report lists activities which helped achieve the learning objectives both in the manner research activities are conducted and ways the findings are made available to others.

1. Perfecting Research Methodology; Sharing through Workshops
Research activity conducted under each of the CDP objectives provided an opportunity to perfect the research methodology and the conduct of applied research in field conditions. Time was devoted to clarification of research objectives (e.g. changes in the way

cooperative governance is applied by housing associations, determination of standards according to which to assess institutional "health" of apex organizations, or formulation of working hypothesis in the *Stable Societies Study*). Issues relating to selection of surveyed samples, systematic analysis of gathered material and verification of results have been applied in a more systematic manner, with input solicited from field and other CHF staff and discussed in the course of workshops.

Two such workshops were conducted according to the CDP workplan:
- In July 2003, in Washington DC, we organized the Community Development Methodology Workshop which resulted in the revised "Participatory Action for Community Enhancement" (or PACE) Manual (see part 1 sec. 2 of this report). The workshop familiarized CHF staff in PACE methodology and allowed for feedback and comments from field staff who currently implement community programs. Apart from the workshop, the Manual and detailed samples, templates and documentary materials were prepared and attached for further use.
- In February 2004, also in Washington DC, we organized a Conflict Management Workshop for over 70 participants. Issues of dynamics between community driven development and conflict management (see part 3 of this report) based on Stable Societies Study /research were explored. Results of this activity are published in a CHF publication expected to be available for distribution in end of August 2004.

2. Institutional Capacity Building and Training

In all country components, institutional capacity building and skills development constituted an integral part of CDP activities. Collated numeric results are presented in table below based on reports received from each CDP-country coordinator.[21]

	Bosnia	Philippines	South Africa	Total
# New organizations established	5	-	29	34
# organizations trained or assisted	5+1	185	29+2	222
# leaders trained	147	28	60+	235+
# members trained/impacted thru events	316	1,680	583 new coops +308 hawkers	2,897
# pilot projects implemented	3	2	2	7
# co-op members receiving better or new services	95+35=130 HILP 800+1100+60+110 =2070	3,120	583	5,903
# of indirect beneficiaries (estimate)	(2070*3)= 6,210	Over 1 million	(583*4)= 2,332	1,008,542
# OF PROGRAM BENEFICIARIES				1,015,000+

3. Maximizing Impact

Past experience was used widely by CDP-Philippines. Learning from CDP Phase I occurred on two separate levels:

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[21] *Details available from CHF HQ.*

- Leadership and Membership Involvement training program in which CDP-Philippines engaged 8 cooperatives with active housing projects selected from the list provided by partner organizations National Housing Agency (NHA) and the National Confederation of Cooperatives (NATCCO). A Baseline Needs assessment and Member Satisfaction Survey were designed and sent out to respective cooperatives. The results because the basis for the design of the Leadership Training Program through which 24 board members and officers of the cooperatives were training. In addition, 4 board members of NATCCO Regional Development Centers were included. The training covered a wide range of topics including empowerment of women and youth leaders, community needs analysis, development of M&E tools, successor generation, creative fundraising, advocacy and lobbying. Follow-up activities are currently conducted to assess the increase in membership participation and satisfaction after additional member services were provided. Additional 2 training modules were designed and conducted: "*Members: Get Involved*" and "*Effective Leader-Member Relationship*" in which results from the CHF's Governance Study were used. Over 1,000 members participated in these activities.
- Lessons learned from the CDP-Phase I (1997-2002) and experience of 3 cooperatives implementing pilot housing projects were also widely shared. A detailed study was prepared, discussing and drawing practical lessons regarding organizational procedures undertaken by the coops, mode of financing and funds management, technical and institutional assistance issues, physical development processes, as well as adopted estate management systems. [22] The study was shared with partner National Housing Agency (NHA) and used widely in the course of several training sessions and housing forums organized in CDP Phase II (2002-2004). It became the basis of the Housing Policy Recommendations which was published in one Philippine daily newspaper in February 2004.

C. Cross-country Learning

Examples from CDP Phase II include:

Bosnia:
- Experience gained through CDP activities in Poland between 1998 and 2000, were shared extensively in Bosnia. Although legal and economic contexts in which homeowner association operate in both countries is dissimilar, there are a number of similarities of social nature, and many of the processes which Polish condominiums had gone through were found instructional and useful from Bosnian perspective. In particular, the CDP case study conducted in Poland in summer of 2002 was productive in providing example of innovative ways of accessing home improvement financing through partner arrangements between homeowner associations, local municipal authorities and financial institutions. Many ideas and structures discussed in the course of the Polish study were later used to set up the 3-rd pilot project in Bosnia, devoted to the feasibility of home improvement lending through REZ associations.

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[22] *"Housing Projects of Multi-Purpose Cooperatives in the Philippines," CHF study edited by V. Aldeguer and O. Ortega. The study covered experiences of the following coops: Tuy Multi-Purpose Cooperative from Tuy, Batangas, Holy Child cooperative from Bato, Leyte, region Visayas, and MUS-IIT cooperative from Iligan, Mindanao. Available at CHF HQ.*

South Africa:
- Bosnian and Philippine experience in sectoral associations helped partner federation in South Africa determine the mission, goals and objectives of a federation of housing organizations in this country, as separate from the existing NCASA. Issues explored on the basis of apex health assessments conducted in 3 CDP countries helped identify the challenges and select proposed solutions suitable for the South African context. Work continues today conducted by a multi-partner working group. [23]
- Study Tour conducted in December 2002 allowed 12 senior housing officials from South Africa to visit United States and meet with representatives of several national, local, and municipal level institutions to learn how the US deals with its rental housing stock. See more in this report, part 2 sec. B-4.

Another important aspect on cross-country learning is CHF's volunteer program (*Visiting International Professional,* or *VIP™ program*).

In the course of CDP Phase II (2002-2004) CHF continued to use U.S. volunteers willing to share their professional knowledge and experience in programs implemented by CHF worldwide. Together, 12 volunteers participated in activities, with 7 of them directly supporting CDP activities. Below are listed the dates and places of VIP assignment, as well as major thematic focus.
- Merle Borchers, Kosovo, Oct 2-19, 2002: Follow up on financial planning and lending evaluation conducted in May 2001.
- Dan Krotz, Kosovo, Nov. 2-16, 2002: Provide technical training to clients within local construction industry and assist them in developing work plans.
- Peter Ray, Serbia, Dec. 2-28, 2002: Train field staff in participatory environmental planning, draft an initial methodology for the environmental initiative, and discuss the approach with CHF management.
- Eric Guetschoff, Philippines, May 28-June 28, 2003: Conduct cooperative leadership training and assess feasibility of the cooperative housing center.
- Oren Murphy, Uzbekistan, June –Aug 28, 2003: Conduct conflict management research study.
- James Glantz, Washington DC., May 3-5, 2003: Assist with CDP evaluation study.
- Mary Alex Dundics, Washington DC., May 3-5, 2003: Assist with CDP evaluation study.
- Cindy Fang, Washington DC., June-Aug, 2003: Conduct Community Development Network (CCDN) survey and assist with feasibility study.
- Gordon Harris, Croatia, June 5-9, 2003: Participate and contribute to CHF conference on municipal finances and governance.
- Dennis Mialki, El Salvador, Oct 29-Dec. 18, 2003: Supervise construction of houses and train local construction managers.
- Carol Schaer, Bosnia, Dec. 2-12, 2003: Conduct training session building institutional capacity of local partners/condominium associations.

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[23] *More information provided in section of this report focusing on Scale.*

- Joseph Feinberg, South Africa, Nov. 28-Dec. 18, 2003: Assess local apex organization NCASA and help with development of a business plan to launch a new housing federation.
- Sohini Sarkar, South Africa, March 22-April 3, 2004: Conduct Rapid Micro-credit Assessment of local CHF partners.

Conclusion

Review of CDP activities in the course of the CDP extension between 2002 and 2004 indicates that all identified objectives were fulfilled and targets met. Each major activity resulted in preparation of a publication which allows sharing of lessons learned with a wider audience. A list of texts submitted for publication is attached.

List of Attachments

**To Final CHF International's Report
On Cooperative Development Program (CDP)**

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Attachment 1:

Summary of Program Results
Cooperative Development Program (CDP)
Extension 2002-2004

Objective 1:

Governance - Improve ability of the board and management of housing associations/ co-ops to educate members, meet their needs, and to expand their role to community service delivery.

Type of Deliverable	Quantity	Comments
Governance Case Studies Completed/Distributed	4 studies	Studies conducted in Poland, Romania, South Africa, Philippines and Bosnia; Combined report prepared for publication
CHF's Participatory Community Development Manual finalized; staff trained; manual sent to all field offices	Training Workshop conducted; 40 copies distributed	PACE Manual and brochure available through CHF-International HQ; distributed and used throughout CHF field offices
Service delivery expanded thru pilots	7 communities in 3 countries; 7 pilot projects implemented	Projects included: • Child care coop facility, Tuy, Philippines • Waste management and education program, Bacolod, Philippines • Home-care for HIV-AIDs patients, Port Elizabeth, South Africa • Security cooperative, Buffalo City, South Africa • Waste paper management project, Maglaj, Bosnia • Green areas rehabilitation project, Sarajevo, Bosnia • Home improvement lending feasibility project, Bosnia
Coop members receiving new/ improved services	1,277 families directly benefiting from pilot community projects	Direct beneficiaries include cooperative member families involved in implementation of pilot projects (details available through CHF HQ)

Objective 2:

Scale - Improve ability of non-governmental housing and community development apex organizations to serve their members, promote cooperative approaches, and access alternative sources of financing.

Type of Deliverable	Quantity	Comments
Identify, assess national apex organizations; negotiate partnership agreements, develop work plans based on organizational assessments	3 national apex partners; 3 organizational assessments conducted; Apex Assessment Tool developed and distributed	Apex Assessment Tool applied on a trial basis in collaboration with 3 apex partners; Work plans developed with 3 apex partners to focus on management improvements, funds diversification and advocacy; Apex Tool available through CHF HQ.

Cooperative Community Development Network (CCDN) study; survey response rate; # of people reached with survey results	54% response rate (22 surveys sent out around the world; 12 responses received from CHF countries incl. 3 CDP countries)	11 organizations offering comparable services evaluated; Report (internal) focused on feasibility of creation of international CCDN

Objective 3:
Conflict Transformation – Increase understanding of the role that cooperative/association leadership, organizational structure, and management play in conflict resolution and prevention.

Type of Deliverable	Quantity	Comments
Case Studies (phase 2) conducted	3 studies conducted in field in Azerbaijan Guatemala Serbia	Studies conducted; material analyzed and complied; Publication drafted (currently in process; expected end-September 2004); to be available thru CHF International HQ
Briefing conducted	70 participants	February 2004, in collaboration with SAIS

Objective 4:
CDP Continuation - Improve ability of non-governmental housing and community development apex organizations to serve their members, promote cooperative approaches, and access alternative sources of financing.

Type of Deliverable	Quantity	Comments
New coop organizations established	4 homeowner associations 29 coops 1 federation	4 new homeowner associations established in Bosnia; 29 New cooperatives established in South Africa; Establishment of a national-level federation of housing cooperatives in South Africa facilitated
Training events conducted/organizations trained	44 events conducted involving estimated 54 cooperative organizations or associations	Events included: - US Study tour for 10 senior housing officials from South Africa 5 Training sessions conducted in Bosnia 9 Leadership/training sessions conducted in the Philippines 29 cooperative training sessions in South Africa
Coop leaders trained /with improved skills	235+ coop leaders in 3 countries	Trainees included: 147 homeowner association leaders in Bosnia 28 coop leaders in Philippines 60+ coop leader in South Africa
Coop/association members trained or impacted thru events	2,887 cooperative member with improved managerial skills	Trainees included: 316 homeowners in Bosnia 1,860 coop members in Philippines 891 coop members and hawkers in South Africa
Coop members receiving new or better services	5,903	Including new or improved services provided members through pilot community projects:

		• 2,070 home owners in Bosnia • 3,120 coop members in the Philippines • 583 coop members in South Africa
Community members indirectly benefiting from cooperative activities	1,008,542 individuals	Estimates include: • 6,210 homeowner association members and their families in Bosnia • over 1 million coop members associated in a local apex organization (NATCCO), in the Philippines • 2,332 coop members and their families in South Africa
Experience shared internationally	13 volunteer assignments completed	VIPs (Visiting International Professionals) identified through HQ-administered database; fielded in 3 CDP countries and 4 non-CDP countries to conduct discrete program-related activities including financial planning, local needs assessments, microfinance feasibility studies and other.
LOP Program Beneficiaries		**Over 1,015,000 individuals**

Attachment 2:

Observations and Lessons Learned
From the CHF Governance Studies

by John Oliver R. Ortega, Program Assistant, CHF-Philippines

The following is a consolidation of case studies on community-based governance practices in four countries where CHF International is presently working. These case studies were done during the first half of 2003 under funding from USAID. Two types of organizations and two types of socio-economic contexts were involved in the studies. In South Africa and the Philippines, both developing countries, the organizations surveyed were cooperatives. In Romania and Poland, both post-communist states in Eastern Europe, the organizations surveyed were condominium associations.

Within the context of an organization, governance encompasses a broad range of issues ranging from policies to structures to methods of work. However, the surveys limited itself mainly to questions on leadership and board practices, decision-making, organizational management, and administration of social services. The surveys placed more emphasis on the "people who operate within these frameworks" rather than the formal structures that make up the organization or the legal environment upon which they operate. The surveys sought to identify, through structured interviews and focus group discussions, how associations or cooperatives identify and elect their leaders to position; how boards operate in relation to specific personal demands and the larger demands of the organization and its general membership; how decisions are arrived at; were there thorough consultations and formal analyses held before a decision is put into action; and, is management performed by a member of the board or by a hired professional external to the organization.

CHF believes that cooperatives or associations formed around one explicit goal, such as housing, and which lack effective leadership development programs, often do not realize their potential and the organization collapses once the initial goal is achieved. The governance studies were then conducted to look into such experiences. CHF seeks to document past practices in the said four countries to aid it in identifying and assessing key issues and dynamics relevant to effective organizational governance. It also seeks to explore and reveal the complementary relationship that exists between "perceptions" of the membership and leadership, and how this impacts on organizational and social stability.

Leadership

In the case studies, the board served as the point of departure for any assessment of leadership practices. The board is the organizational expression of the cooperative or association's leadership. Thus, to look into the characteristics of leaders of the surveyed

associations and cooperatives is to look into the characteristics of individuals constituting the board. To look into the responsibilities of leaders in these organizations is to look into how members of the board, individually and as a collective, execute their responsibilities.

1. Responsibilities in the board demand both time and commitment. Once elected as a member of the board, one is entrusted with responsibilities that are at times referred to as "unglamorous", "time and energy consuming," and "without pay." Normally, leaders are elected based on their charisma, on their vision and capability to realize that vision, or on their "wisdom and experience gained through the ages." However, for most of our case study organizations, leaders are elected based on their dedication to commit a substantial amount of time to the organization and their enthusiasm to operate in environments that have a low level of trust, is not conducive to participation, and where financial and other resources are not readily available.

2. In an organizational climate where people generally "do not want to be involved," the decision to become a leader or a board member and the eventual selection or election of such by members is less a result of the individual's commitment to the organization's goal. The phenomenon is more a result of who has more time that can be devoted to taking care of numerous organizational responsibilities aside from personal ones. Old folks volunteer to become leaders because members of their community, which incidentally is comprised also of old people, don't trust the young like in Romania and the Philippines. The young also do not have time "to become involved" in organizational activities as they are pre-occupied with their jobs, careers, and families.

3. The physical nature of the board, most often, changes according to membership needs or size of the organization. In the Philippines, for example, it was observed that cooperatives with a big membership base and which provide multiple services are likely to have a numerically larger board than cooperatives with a few members and services. What this suggests is that as an organization grows and becomes complex and sophisticated in its operations, the composition of the board will have to adjust in order to adapt to new internal conditions. Realizing this degree of flexibility takes time as organizational growth is achieved, likewise, over a reasonable amount of time.

4. Boards, like the individuals that compose it, grow as an organization matures over time. Organizational growth occurs in phases and varies from one association to another. This development is precipitated by a number of factors which include not just organizational age but also external political environment, competencies of individual board members, and actual experiences. Across time and as experience "becomes more widespread," leaders gain more insight on how to run their organizations and how to address their problems. They realize that serving on the board empowers them to effect changes with "real impact" upon their lives and the lives of their members. For example, in the Philippines, the evolution of multi-purpose cooperatives resulted in the evolution of a board that is capable of handling or managing a broad range of activities. In Romania, while many condominium associations remain afflicted by what is described as a state of "inertia", a problem inherited from the period before democratization, the boards in the associations are increasingly becoming professionalized, adopting a

variety of "efficient internal resource management methods" to address problems of repair and restoration in their dwellings.

5. What motivates certain individuals to become board members and what holds these leaders accountable to their members is the trust given to persons who have proven themselves worthy of such through their deeds and actions. Trust is not given to just anybody nor is it something that just happens automatically. In many cases, trust is easily given to family and friends. In South Africa, organizational cohesion at the level of the board relies heavily on the "strong network of interpersonal relationships" which, although not stated, may have been forged from mutual identification in the struggle against racial discrimination or apartheid. In Poland, the boards in the condominium associations "start with a feeling of considerable lack of trust." Leaders eventually proved themselves trustworthy through their actions and their results.

6. Levels of trust change based on the leadership roles assumed within the cooperative or association. The degree of trust invested by members to individuals or parties comprising the board varies as a result of their unequal perceptions of their leaders based on certain qualities. For example, one leader can be more capable in constructively handling rumors than another. This makes that leader relatively more trustworthy than the other. In the Philippines case study, it was revealed that members trust the chairperson more than the manager or any other leader in the cooperative. This is a product of member perception that it is the chairperson that is "largely, if not solely" responsible for the success of the organization. Oftentimes, it is also the chairperson that is credited for having organized the association or cooperative in the first place.

7. Trust has been closely linked to positive job performance, effective communication, resolution of conflict, and active member participation. The report on Romania states that "the investment of trust in the leaders becomes a guarantee in the success of collective actions." In any organization, if a leader is not credible, then that leader loses the respect and following of its members. The reliability of the individual elected to position is thus the reason why majority of the organizations in the surveyed countries, except South Africa, have boards that are composed mostly of old people who have retired from work or who have stayed in the community for a number of years. It is because of trust that those who have already served as board member are likely to be elected again to position, similar to what happened in the Philippines.

8. Leaders must not only build an image of personal integrity, they must also establish positive personal relationships with their members. Trust must be cultivated based both on character and on relationship. In the survey on trust conducted among eight multi-purpose cooperatives in the Philippines, members were asked to rate their leaders based not only on characteristics that measure up their ability and dependability as leaders. They were also asked to rate their leaders based on such relational factors as ability to lead by example, acceptance of suggestions and criticisms, accessibility to consultation, ability to encourage members to state their opinions regardless of difference with official positions, and frequency of visit or stay in the cooperative office.

Decision-making

Housing associations and cooperatives need leaders that have the ability to analyze context or surrounding, evaluate threats and opportunities, project scenarios and possibilities, and thereafter make the appropriate decision at the appropriate time. Some say that good governance is about making the right decisions. It is about achieving desired results and achieving them in the right way. Decision-making is considered a "determining factor in influencing organizational dynamics".

1. Creating the right organizational climate for effective decision-making is important. This climate should encourage and facilitate participation and "transparency of ways in which decisions are made and communicated." It was this climate that was lacking in Romania prior to 1989. The absence of such a climate promoted a culture of "disengagement" among members, citing fear of reprisals for points of view or opinions that are contrary to those of communist authorities. However, with the advent of democracy, there has been an increased level of participation of members in decision-making. There is even an increased tolerance for "diverging opinions" so long as judgement is based on "solid reason."

2. In a climate of democracy, governance functions in creating systems that allow those who will the bear the costs of decisions, the so-called stakeholders, which in associations and cooperatives ultimately refer to members, the right to vote when decisions are to be made. While organizational governance gives leaders the power and authority to make decisions in their behalf, systems must still be in place to give members their "voice" especially in matters that directly affect their lives and interests. In Poland and in the Philippines, ownership meetings or general assemblies which gather all members are held on a regular basis or at least once a year. In these meetings, members are given the power to decide on "matters considered of great importance" to their lives and organizations.

3. Governance makes it the duty of leaders, the persons who are in a position to command and wield control, to ensure quorum and member participation during meetings, especially when matters of critical importance are to be discussed and decided upon. The promotion of a favorable environment for decision-making relies on effective communication between leaders and members. Timely and reliable information that flows freely and transparently between and across different levels of the organization aids in achieving a shared understanding of when, why, and how a decision is made among all members. In most of the case study organizations, leaders directly consult members, through a variety of methods (such as ownership meetings, door-to-door meetings, solicitation letters, and bulletin boards) before a decision is made is another.

4. Member participation in ownership meetings or general assemblies needs to be improved. In the Philippines, attendance in the annual general assemblies of cooperatives is observed to be on the decline thus prompting a decrease in the quorum required for such assemblies. Quorum went down from 50% to 30-35% of the membership base since "not half of the cooperative's total membership show up during these assemblies." In Poland, not more than 30-40% of the condominium association's

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members regularly attend general meetings. While both countries did not specify any reason for the low number of turnouts during regular meetings, it may be safe to infer that like in South Africa, participation is constrained by problems of affordability (high cost of transportation) and economic or household-related priorities, aside from problems relating to the availability of an environment of mutual trust and respect.

5. While member participation in decision-making is given premium in the housing associations or cooperatives, however, "members cannot be gathered at all times to make a decision." The organizations believe that the board was created so that they can "decide on matters which they deem they are capable of." This notion is similar to the concept of "different degrees of importance" in decision-making of Romanian condominium associations. Major decisions, like building or restoring a roof, requires the approval of majority of the members of the association while a simple emergency-type of problem which no longer requires the collective wisdom of a group of people, such as a leaking pipe, is instantly decided by the president of the association.

6. Involving members in the process of decision-making is considered essential in all organizations covered in the case studies. This "openness towards group decision" is an important development in the governance practice of such organizations. First, it serves as an indicator of organizational maturity and at the same time demonstrates the development of democracy in an organization, especially for associations like those in Romania and Poland which in the past experienced state control even at the community level. Second, while group decision-making is a tedious and time consuming process, it is significantly advantageous than individual decision-making.

7. In group decision-making, a diversity of information, approaches, and perspectives are presented and cultivated, thus providing a variety of solutions to specific problems. It also helps in increasing legitimacy and acceptance to a selected course of action since it has the mandate of a substantial number of stakeholders. In most cases of group decision-making, reaching a consensus or a unanimous decision is a bit difficult since members normally have different interests, opinions and suggestions. It then becomes the task of leaders to link and harmonize conflicting interests and come up with a decision that is bounded by the principles and policies of the organization and that is broadly acceptable to all. In the Philippines, board meetings last up to the late hours of the night and are adjourned only when a consensus is reached. In Romanian condominium associations, there are some decisions that are considered of "maximum importance" and therefore a "unanimous decision is necessary."

Management

It has been said that the function of management in organizations is different from that of leadership as exercised by the board. Leadership is related to vision while management is related to administration. Leadership is related to making policies while management is related to implementing them. These contrasting definitions however seem to make it appear that management is a concept or an exercise that is completely incongruent with governance, and worse, not even remotely related to it. This is grossly

inaccurate as organizational management is an essential component of organizational governance.

1. Failure to recognize the differences between board and management responsibilities results in leaders "doing everything by themselves." With leaders preoccupied with too much responsibility than they can normally handle, organizational performance suffers. In the case study of South African housing cooperatives, one of the major organizational gaps observed is the inability of leaders to make a "formal distinction between governance and daily management duties and responsibilities". The situation is no different in Poland wherein "reaction to daily problems consumes most of the time and effort of the board and managers." Thus, some strategic objectives are not met because they have to give way to other objectives which have been defined as urgent. While there is nothing absolutely wrong with responding to immediate concerns, effective governance must be able to strike a balance between managing the organization's general goals and the day-by-day concerns that it encounters.

2. Effective governance means having the ability to clearly demarcate "functional responsibilities" of the different structures present in an association or cooperative. Delineating the roles of the board, membership, management, and the various committees is integral to operational efficiency. Leaders play an important role in defining these distinctions, in fairly allocating limited resources to the various structures that make up an organization, and in maximizing the potential of each part in order to contribute to the optimal functioning and growth of the whole organization. In most of the case study organizations, except those in South Africa, the distinction between the responsibilities of the board and of management is somehow clearly defined. In the Philippines, the board is responsible in making decisions while a general manager is hired to oversee the implementation of such decisions with the assistance of a considerably-sized staff. The general manager is also assigned to supervise daily administrative work such as accounting, scheduling, organizing, project monitoring, and delivery of services. This is no different in Romanian condominium associations where the "board retains decision-making power" and administrative functions are performed by a contracted or paid manager. The setup is also basically similar with that of Polish condominium associations wherein the board is focused primarily on securing funds for much-needed repairs and restoration while management, which exists in a variety of arrangements across different associations, is tasked with the daily administration of the apartments.

3. Management is a broad term that encompasses a variety of responsibilities. In the context of the housing associations and cooperatives, management is a dual responsibility. There is management that is directed toward the administration and maintenance of buildings or apartments and management that is directed toward the administration and maintenance of the organization itself. In Romania and Poland, management it seems is still limited toward building administration. It is for this reason why managers, or to be more precise, property managers, are professional individuals or groups that hold licenses proving their competence in this particular area of work. While these European organizations may not be different from Philippine cooperatives in the sense that their licensed managers administer a specific responsibility that indeed

should be taken care of by a management team and not by the board, they are, however, in the same predicament as that of South African housing cooperatives in the sense that they are still probably grasping the distinction between building management and organizational management.

4. As an organization develops, management practices also evolve as a result of experience. Housing associations and cooperatives change their management structures and methodologies, or adopt a variety of management arrangements in order to improve the quality of services delivered to members. In areas in Poland where gminas still have considerable control and ownership, management is still provided by gmina-run management companies such as the ADKs. In Romania, some associations hire the management services provided by the federation of condominium associations. However, in both countries, there is now an increasing preference to appoint a manager or administrator that is a member of their own community. Hiring the services of external professional managers or management companies is no longer a preferred option in many associations since members now place more trust on individuals that belong to their group. In many cases, this individual is chosen from among members of the board.

Conclusion

In the book *Managing for Change*, Ian Smillie and John Hailey improved upon Mike Hudson's concept of the life cycle of boards to describe the development of leaders from among Asian NGOs. They introduced three phases in the life cycle of boards: (1) the founding phase, wherein a visionary and charismatic leader is able to gather supporters, mostly friends, to become members of the board and endorse his or her ideals; (2) the youthful phase, wherein the board becomes more particular to details such as objectives, committee systems, and budget; and, (3) the adulthood phase, wherein the board begins to adopt a more hands-off approach to the organization and rarely challenges accepted policies and procedures.[1]

This concept on the life cycle of boards can be useful in characterizing the boards of the surveyed organizations in the case studies and in correlating the age of these organizations with the capability of their boards. One must however proceed with caution in applying this to the organizations covered in the case studies. First, the identification of board growth coordinates may seem quite arbitrary in the absence of an evaluation tool by which to scientifically measure where exactly along this chronographic continuum the boards belong. Second, one can never definitively ascertain the nature of boards based simply on how old an organization is.

Based on the case study reports, it may be safe to say that the organizations from Poland, Romania, and South Africa exhibit characteristics that somehow place them in a transitory stage between the founding and youthful phases, while some of the

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[1] Ian Smillie and John Hailey, *Managing for Change: Leadership, Strategy and Management in Asian NGOs*, (London: Earthscan Publications Ltd., 2001), 117-118.

cooperatives from the Philippines exhibit characteristics similar to those that may have reached the adulthood phase.

Many of the Romanian condominium associations were established after 1977. The present leaders remain beset by problems inherited from the period before democratization. In the past, these associations experienced too many "political interventions" that severely damaged the capacity of leaders to develop trust among members. Thus, even with the disappearance of virtual police control in the condominium associations after 1989, leaders had a hard time dealing with members who are still "ambivalent" about involving themselves in common projects or activities. Despite such problems, the boards in the associations are fast becoming professionalized and sophisticated in their operations.

While Polish condominium associations are younger than those in Romania, having been established only after 1994, they have exhibited an almost similar path of development. Over time, notwithstanding the "lack of knowledge and understanding of condominium structures", leaders have gained more insight on how to improve the quality of services that their associations provide. The boards in the associations have also adopted several management arrangements depending, among others, on the ownership ratio between *gmina* and individual households.

South African housing cooperatives are about as old as the condominium associations in Poland. These were established by municipal housing officials and housing-related NGOs in 1994. The boards in these organizations exhibit a "good commitment to cooperative housing" but their understanding of this housing concept is described as "simplistic." They lack sufficient capability to govern and manage cooperatives appropriately. They also lack basic skills in fund raising and financial management. However, these "basic" organizational gaps did not prevent them from moving forward with their housing projects and in accessing government subsidy, land, and other resources for housing.

The housing organizations in these three countries differ a bit significantly from those in the Philippines. The Philippine cooperative sector, which has been in existence since the start of 20th century, has grown tremendously from the single-purpose, savings-and-credit type, to the multi-purpose type offering a diversity of services. Multi-purpose cooperatives, like those included in the case studies, are complex organizations since they are an amalgam of the different types of business enterprises engaged in by single-purpose cooperatives such as housing, banking, microfinance, insurance, health, commodity marketing, education, and agriculture.

The housing associations and cooperatives in the four case studies exist at different levels due to various reasons arising from the historical development in their respective countries. For now, cooperatives in South Africa are described as "elementary organizations which do not show the complexities of developed organizations" and the condominium associations in Romania and Poland are emergent "schools of learning of the rules of democratic governance." Eventually the organizations in these countries will

grow in leaps and bounds to a point that they will equal, if not surpass, the level of development reached by the Philippine cooperative sector.

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Attachment 3:

Participatory Action for Community Enhancement
(PACE)

CHF International's Brochure

Attachment 4:

Cooperatives Expand to Community Service Delivery:
CDP Lessons Learned
Through Seven Pilot Projects

By Barbara Czachorska-Jones, CHF International HQ

Service delivery projects which address community concerns and expand beyond the traditional scope of cooperative's activity can be very effective membership and morale boosters, and serve as marketing tools to promote the organization.

Testing the Hypothesis
Through its activity in 3 partner countries, the Philippines, South Africa, and Bosnia-Herzegovina, CHF International set out to test its hypothesis that successfully implemented community projects can help overcome stagnation, lack of interest and low membership involvement which is sometimes experienced by cooperatives. Seven pilot service delivery projects were organized, implemented, and evaluated between May 2002 and August 2004 under the Cooperative Development Project (CDP) funded by USAID. The projects focused on areas such as provision of quality child or health care, environmental clean-up, and home improvement.

Valuable lessons were learned in the course of each project. CHF International engaged its local cooperative partners from start to finish. In the first stage, cooperative partners were assisted in identification of those community concerns to which the coops could successfully respond. In several cases, awards were made through a competitive process, with selection criteria developed to stress the soundness of project planning, reliability of performance within time and budget, and sustainability in post-completion phase. Final awards were made by a selection committee composed of representatives of CHF and its local partners.

In many ways, the results surpassed expectations and certainly proved the beginning assumption correct: in all cases successful implementation served as mechanism to attract attention of the community at large: neighbors, businesses, educational institutions and municipal authorities. Cooperatives confirmed that they contribute to the well-being of their communities in many more ways than through their immediate business activity. The projects also succeeded in re-invigorating the membership and cooperative governing bodies. Joint planning, organization and implementation of such projects proved a great morale booster.

PHILIPPINES: **Cooperative Daycare Center in Tuy, province Batangas**

To satisfy the needs of families living within its housing project, the Tuy Coop used a $15,000 grant for the construction and initial operation of the Jollikid Daycare Center. [1] A work plan was drawn with Participation of 14 Board Members in the course of a Planning Workshop. Construction work was completed and inauguration of the Center was held in October 2003. Up to 20 pre-schoolers attended morning educational sessions. At the end of the grant completion in January 11, 2004, total project cost amounted to $32,361.24 with $17,361.24 contributed as match by partner cooperative.

Jollikid Daycare Center in Tuy, Batangas, is operated by members of the Tuy cooperative and provides pre-school education for up to 20 children. This is a new service which the coop provides to its members. In after-school hours the Center is used for board meetings and other communal activities.

In February 2004, an impact assessment was conducted for the Daycare operation. Even though the six-month grant period upon which the Daycare fully operated was considered too short for conducting a fair assessment of its success, the assessment the following key findings were formulated:

- Enrollment fluctuated and needs to be stabilized. A total of 15 pre-school learners were the first enrollees. However, this number was reduced to 10 in January 2004. For the new school year 2004/5 enrollment has increased to 30. A Daycare Worker provided teaching services to the children who had daily 2½-hour classes.
- There is a relatively high degree of success attained in the delivery of pre-school care and education as evidenced by the high level of enthusiasm for learning and interaction observed among the pre-school learners; significant developments in the learners' cognitive, communication and socio-emotional skills noted by the parents and validated by the results of the Skills Development Appraisal conducted by the parents; and the growing interest among other parents within the community to avail of the service.
- As a complementary program for parents, the coop considered an economic component of providing self-employment through a micro-finance scheme. This proposal, however, was not received well since there was a general preference for wage employment. The non-economic component (i.e. parental skills

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[1] Tuy Market Vendors and Community Multi-Purpose Cooperative (TMVCMPC) received its grant on July 17, 2003, in recognition of its commitment and successful delivery of six houses more than the CDP's first phase target of 50 houses.

development) of the daycare operation was temporarily shelved to give way to the more pressing operational and financial concerns of the Daycare Center.

- The Cooperative's ability to sufficiently meet the requirements for project implementation indicates that the basic parameters for sound governance are already in place. However, the challenges posed by an entirely new service, which the Cooperative has not had any previous experience in or exposure to, led to the detection of certain aspects of governance that require strengthening. These include needs scanning/assessment, membership involvement and capability building especially in terms of project planning and management and people empowerment.

To sustain and ensure effective and efficient daycare operations, a Strategic Planning workshop was conducted in May 2004 for 10 Board Members of TMVCMPC together with the Daycare Committee. The strategic plan is currently being finalized.

PHILIPPINES: Riverside Cooperative Solid Waste Management Project, Bacolod, province Negros Occidental

The selection criteria for this project were drawn in March 2003. They were distributed, together with the invitation for submission of project proposals, to seven other cooperatives, CHF partners in the CDP program. An evaluation committee, composed of local cooperative organizations and CHF/Philippines' staff, reviewed all seven proposals and short-listed three for final evaluation. This evaluation was conducted by a committee composed of a university professor, a media person, and a church worker. Based on the project proposal's soundness, impact and replicability, the proposal of the Riverside Medical Center-Multi-Purpose Cooperative (RMCMPC) for a "Solid Waste Management Program" was approved for the second $15,000 grant. The subgrant agreement covering a period of six months was signed in October 11, 2003.

Riverside Coop Solid Waste Management Team (L) included young as well as older residents. After sorting, the waste was transported to an organic farm for processing(R). Bacolod, January 2004.

A work plan was drawn during a Planning Workshop conducted for 23 Board Members and the Manager for the program had been identified. On January 17, 2004, the Materials Recovery Facility was formally inaugurated.

Garbage has traditionally been dumped and accumulated along the riverside where Coop members' homes are located. To resolve mounting problems, the Riverside Medical Center Multi-Purpose Cooperative (RMCMPC) proposed to build a holding and segregation facility on a vacant lot adjacent to the riverside. After segregation of garbage according to types, all reusable parts such as used paper, bottles, or bottlecaps are sold, whereas all biodegradable parts are transported to an eco-farm run by one of the coop's consultants. The Buro-Buro Vermi Farm located on the outskirts of Bacolod city uses African night earthworms (*Eudrilus euginae)* as decomposers. The resulting end product is known as the vermicompost, a high quality organic fertilizer containing up to 8% nitrogen, 0.7% phosphorus, 1% potash, and other trace elements. Vermicompost is used to fertilize the vegetables which are then sold in the local market. Aside from this, the produced earthworm biomass is also used to feed fish, chickens, and other farm animals. At the end of the grant completion in April 2004, total project cost amounted to $26,833.41 with $11,833.41 as RMCMPC match.

An Impact Assessment was conducted in April 2004. Findings revealed the following:

- The Project succeeded in making proper waste management a practice among households within and outside the cooperative's two housing projects. This practice resulted in an improved level of household and community cleanliness, elimination of stench, and reduction of the incidence of littering and improper waste dumping.
- The values of thrift, discipline and cleanliness had been greatly reinforced as resident-participants increasingly realize the benefits of consistently applying sound solid waste management. Resident-participants also consider themselves active initiators of change.
- The Project helped popularize the cooperative approach in the delivery of social services. Majority of the participants attribute project success to the strength of the cooperative spirit, specifically the Project Management Team's unwavering focus, determined attitude, and complete transparency in all transactions. As a result, three food establishments signified interest to become institutional participants to the program. RMC Hospital and College have asked the cooperative to collect their garbage, aside from giving resource support. A farmers' cooperative has committed to promote organic farming and to endorse the use of vermicompost among its farmer-members. Other local government offices have signified their interest in promoting the said project.
- Positive experiences derived from the Project also aided the Cooperative in drafting policies to improve their delivery of services and benefits to present and future members. Of significant impact was a resolution made by the Board to include solid waste management training as an integral module of its Pre-Membership Education Seminar (PMES).

A Strategic Planning workshop was conducted for 18 Board Members and four (4) members of the Project Management Team for the effective and efficient operations of the Solid Waste Management Project and the whole cooperative operations as well.

Lessons Learned in CDP-Philippines Service Delivery Pilots:
- Performing a thorough needs assessment on a regular basis is vital in identifying the urgent and emergent need for new services or projects of cooperative members and the community. Appropriate tools must be used to accurately measure member needs and priorities.
- Needs assessments should also look into the strengths and weaknesses of the cooperative in order to determine whether it has the organizational and financial capability to extend a new service or implement a new project.
- Members should be consulted and involved in the conduct of needs assessments as they are the ultimate beneficiaries of whatever new service or project. At the same time, this ensures that the cooperative's new service or project enjoys the whole-hearted support and participation of members in its implementation.
- The creation of a structure or team that will handle the implementation of a new service or project assures its efficient and effective implementation. Cooperatives must assign the right personnel and provide them with the right skills through training.
- Strategic planning should be conducted prior to the implementation of a new service or project. A clear plan serves as an effective guide upon which to monitor the project status, its strengths and gaps, and whether immediate measures should be taken to ensure its smooth operation.

SOUTH AFRICA: Security Association in Amalinda, Buffalo City, Eastern Cape

Unprotected construction materials were often damaged or stolen from Amalinda site. In response, CHF assisted in formation of a local security cooperative to provide day and night-time protection and assist construction of new homes.

The Security Association based on the Amalinda Housing Settlement site was formed to help the construction and site development. In Buffalo City, CHF worked in conjunction with a local NGO, Afesis-Corplan, to build a housing project for local low income residents. Once site work commenced in 2003, security became an urgent problem which required immediate action: construction materials and equipment were left unprotected on site, resulting in many cases of theft. To address the issue, CHF assisted in

establishing a formalized cooperative group, trained to prevent theft and safeguard the construction site in Amalinda. Five (5) coop members were trained in cooperative principles, business development and management.

CHF provided funding of $13,793 with approx. $6,897 (or R40,000) to cover start-up costs.

#2 Yizani Sakhe Home-Based Care Cooperative

The Yizani Sakhe Home-Based Care Cooperative was organized in July 2003 in the Kwa Zakhele locality of Port Elizabeth**.** CDP- South Africa formalized, trained and registered a group of 38 members, 35 of them women in Kwa Zakhele to provide care for HIV/AIDS patients, underprivileged community members. The members are a group of men and women from the local Methodist Church providing services to members of community, including children. Currently, there are 56 patients receiving HIV-AIDS home-based care and 1 meal (soup) per day. A further 80 impoverished community members are receiving a meal (soup) every Friday.

Currently, there are 56 patients receiving HIV-AIDS home-based care and 1 meal (soup) per day. A further 80 impoverished community members are receiving a meal (soup) every Friday

To ensure further support, CDP is working with the Department of Agriculture to set up a vegetable garden for this cooperative in order for them to grow their own ingredients for the meals they provide, as well as enable them to sell vegetables to their community members at a reasonable price. The garden is located within the premises occupied by the cooperative. It has been provided at no cost by the Methodist Church for long term use. CDP is awaiting an answer from the Department of Agriculture as to when they will purchase water tanks and fencing for the garden site. Once these are installed, CDP will utilize a private donation already received from CHF International Board Member, to prepare the garden for planting. A donation of plants has also been sourced as has an outlet (Pick 'n Pay Supermarket) for their seedlings. Once the premises are securely fenced off, the coop is expected to take delivery of the seedlings.

This project was co-funded with NCBA. CHF contributed over $939 (R5,450). Nelson Mandela Metro Municipality/Dept. of Agriculture contributes seedlings, water tanks and fencing at approx. value of $1,638 (R9,500) whereas beneficiaries themselves contribute labor at estimated value of $862 (R5,000).

Lessons Learned in CDP- South Africa Service Delivery Pilots:

- This is a process which takes time. Newly formed organizations which are just starting operations are often so pre-occupied with developing and strengthening their internal organizational systems, that they have no time or capacity to play a role in the wider arena. With time, they recognize the need for such actions and they are more willing to engage in community activities.
- Members of new cooperatives need intensive instruction and training in coop methods and in small business development techniques.
- New methods of home-based care for HIV/AIDS patients are successfully demonstrated and popularized among residents who are more likely to use them;
- Municipal authorities involved in these types of innovative projects gain trust in coop businesses and are more likely to engage them as partners in the future;
- Municipal authorities and other socially active organizations learn to join forces and work together with cooperative organizations to implement community-driven projects.

BOSNIA & HERZEGOVINA: Waste Paper Management Project, Maglaj

Homeowner association called its project *"Sorting and collection of old paper - a step closer to Europe."* The group recognized the fact that joint activities may not only bring residents together but also contribute to heightening of awareness and education in environmental matters, very important in the EU context. Each participating building interested in the project received its own box for collecting paper and the association organized transport and sale of waste paper to a local paper factory. 20% of the amount received from sale was kept by the Association and used to cover its operational costs whereas the remaining amount was used for refurbish and repair selected common areas. As part of the project, the association conducted two workshops in which it promoted their ideas and methodology.

Residents of Maglaj Homeowner Associations collected, sorted, and sold old paper using the proceeds to cover the costs of refurbishing common areas in the building.

Project activities were treated as an opportunity to emphasize local educational and environmental concerns. Participants in the project included teachers and students from Maglaj secondary school as well as Maglaj-based association ECO. By the end of April, an astounding number of 78 buildings joined the campaign, followed by 42 businesses and administration offices. Together, participants managed to collect 10,261 kilograms of paper and generated revenue in the amount of 1,334.93 KM ($837) for the association. Although the amount received was considered lower than anticipated and the costs (including truck rental, workers for loading/unloading) are still high, the project was deemed a great success. It is self sustainable and chances are good that it will continue in the near future.

BOSNIA & HERZEGOVINA: Revitalization of Green Areas in Otoka Neighborhood, Sarajevo

This project was organized by CDP partner Homeowner Association in Sarajevo. During the implementation, local school children and youth were involved, as well as local residents-retirees. The Association hoped to attract new young members, which, however, proved to be a problem.

On the other hand, the project succeeded in attracting considerable attention of local municipal authorities as well as local enterprises. Municipality Novo Sarajevo treated the Otoka project as part of its own complete program of revitalization of green areas and, triggered by the successful action of the association, decided to do more than originally planned. Not only did it complement the Homeowner Association's project but proceeded to revitalize neighborhood sport fields. For years this was something the Municipality talked about but never fulfilled its promises. Through the success of the CHF-supported project, homeowners association was thus able to exert significant pressure on the municipality. This resulted in mobilizing the inactive government structure to benefit homeowners. Given the past characterized by stagnant municipal authorities, lack of

Young and old Residents of Otoka helped clean the lawns and planned and reconstructed foot-paths. They learned about environmental concerns and ways to manage urban green areas.

interest in housing matters and in cooperation with homeowner to improve their living conditions, this mobilizing effect can be considered an even greater achievement than revitalization of green areas. The Association additionally benefited by recognizing its own power vis-a-vis the municipality and by gaining the opportunity to develop future joint programs.

BOSNIA & HERZEGOVINA: Feasibility of Group Lending for Home Improvement

Widespread damage resulting from the conflict of 1990's still remains largely unaddressed. Sources of funding for home improvement are scarce and there are no systems of practical support to help residents access what may be available. As of spring of 2004, no Bosnian institution had prior experience with group lending for home improvement projects. Given this situation, CHF-Bosnia's pilot focused on testing the modalities for issuing group loans and the conditions of preparing homeowner associations and residents for these new types of services.

The test group loans were launched through Mikro-REZ Fund, a local micro credit organization established earlier through CHF's MEDI program. The complete process (from initial loan promotion to actual lending and implementation) was explored in two smaller communities: Travnik and Maglaj, where CDP helped establish and train partner homeowners associations. Throughout the process, partner associations played a significant role in promoting the program, in organizing home-owners and assisting them in fulfilling all set requirements. Both Associations perceived group loans an important step towards resolving outstanding home improvement and maintenance problems currently widely experienced in existing multi-family apartment buildings. With CHF assistance, Mikro-REX defined criteria for group loans[2].

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[2] These were defined as follows: (1) Minimum of 80% of home-owners in one building should accept application; (2)Total loan amount between 2000 and 10,000 KM, repayment period 3-36 months; (3) Maximum amount per household 2000 KM; (4) Interest 12% flat (annual); (5) Guarantees : Up to 20 KM monthly per household – group, applicant/signer is at the same time guarantor for the rest of the group; (6) Funds are transferred on a joint bank account. Transfer of the funds to a contractor needs to be singed by the building representative and an authorized representative of home-owners association.

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Experience differed in each community. In Travnik, an extensive promotional campaign included 1000 leaflets, approx.100 posters, and radio jingles 7 times a day for 15 days. As a result, approx.30 telephone inquires were logged, and 5 building representatives came to get more precise information about the loan. Out of these 5 buildings, one expressed serious intention to get a loan of 10.000 KM to repair an elevator and a flat roof, to be repaid in 36 months by 27 home-owners. Unfortunately, even though all prescribed steps were followed and a loan application was approved, the actual loan was not taken. When it came to signing the loan document by all 27 home-owners, some of them changed their mind and after a few hours discussion decided to give up on the whole idea.

18 homeowners in Maglaj took a renovation loan. The results before (left) and after (right) convinced them that financing home improvements through loans may help address the country's post-conflict housing problems.

Maglaj used a different promotional approach. The Association announced its new program of group lending for home improvements during their regular TV show and promoted it widely through individual contacts of association board members. As a result, first 17 and then additional 10 homeowners expressed strong interest in the initiative. Ultimately, residents of 2 buildings applied and received loans[3]: first, in the amount of 4000 KM for placing a part of new flat roof (18 home-owners), and second one, in amount of 8000 KM for roof reconstruction, change of gutters and reconstruction of the façade. Work progressed quickly (approvals were received in mid-May, and by the beginning of July, projects were already implemented). Mikro-REZ fond reported that so far repayment is on time (even a few days before schedule).

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[3] There was also a third loan approved for the roof reconstruction but, unfortunately, similarly to the situation in Travnik, at the moment of signing several home-owners withdrew their support and decided not to sign.

Lessons Learned in CDP- Bosnia Service Delivery Pilots:

- Even though the need for home improvement loans in Bosnia is evident, there are many obstacles that make group lending complicated. Homeowners of a significant number of flats have not yet returned. Sometimes these flats have been repossessed but in many cases they are either empty or sub-let to new tenants. Owners are not interested in investing in home improvement or in renovation of common areas. In the majority of cases they are simply waiting for a good opportunity to sell their apartment while home improvement needs remain unresolved.

- In a typical building, homeowners represent a mix of people including those currently employed, retired and unemployed. Differences in terms of household incomes can be significant: while some homeowners may be able to afford group loans, there are many others who will not. Comprehensive support systems are needed.

- More preparation of potential borrowers is needed. Representatives of credit providers, homeowner associations, and building representatives need to join forces to educate the borrowers about all aspects of group loans. This approach will allow to eliminate or at least minimize situations similar to those experienced under the CDP pilot when the whole process was followed through but the loan was not taken.[4]

- Implementation of home improvement projects is difficult. Associations do not have experience in prioritizing, budgeting, organizing bids, running the tenders, or monitoring implementation on behalf of homeowners. At the same time, they realize this can be an important new service offered to members. In order to bring associations get up to speed, it is necessary to organize specialized training and assist in gaining the necessary knowledge and experience.

- Group loans for home improvements are something very new in the Bosnian housing market so people need time to be acquainted with the concepts and practice. So far, homeowners have not developed a uniform attitude towards joint responsibility. While some prefer to share the risk with their neighbors and favor group loans, others prefer to take small individual loans within the scope of one big one. It might also be useful to investigate the possibility of going into partnership with management agents, some of whom are currently using a very limited and simplified version of group lending.

- Based on experience gained so far, once a loan is taken, home improvements are implemented very quickly and repayment by homeowners is regular.

- Comparison of the ultimate value of successful group loans, the amount of time and effort needed for preparation of borrowers and for processing does not favor such projects. However, we should consider current lending activities a learning process. We can reasonably expect that once all processes are refined and more experience is gained, less time and work for preparation and support will be needed.

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[4] Few home-owners interested in a loan may push for it without support and consent of other owners but when it comes to signing loan documents those who do not agree simply do not sign and the loan never takes place.

CONCLUSION

Successful cooperative delivery projects addressing current community concerns serve as effective marketing tools to promote the organization and the cooperative principles. Community-driven service projects help cooperatives to attain a stronger position vis-a-vis local authorities, and influence them to directly support their projects or implement similar ones.

Within the context of individual cooperative organizations, expansion of services and community orientation of projects helps attract new cooperative membership and encourage involvement by not-so-active members. As observed throughout the CDP activities, the interest in cooperative membership has swelled, especially among residents of adjacent communities. Community-oriented service delivery project has thus served as an attractive gateway for membership in the Cooperative.

Attachment 5:

The Assessment Tool for Apex Organizations

Table of Content:

Assessment Tool

For Apex Organizations

Table of Contents

Part	Title	Contents
A	Introduction	Introduction
		Instructions
B	Modules	Member
		Administrative
		Leader
		Supplementary Surveys
C	Criteria	Assessment Criteria

Introduction

CHF International's collaborative approach to international development is founded on a belief that the people it serves are best equipped to solve their problems. Fundamentally, this means staffing its offices abroad with people hired from within the local communities. CHF also partners with national organizations to provide services. This enhances the impact of our work in that not only do we serve our constituencies, but we also strengthen the local infrastructure. On one level, this is achieved through funding but also by providing technical assistance. The *Assessment Tool for Apex Organizations* is one such form of assistance, through which we assess our partners' organizational health.

In one sense, apex organizations are like other nongovernmental organizations, and we should assess them according to their performance in the areas such as operations, governance, and finance. They are different, however, in that they are composed of member organizations who often participate in their planning and governance. Thus, in addition to common performance areas, we should also assess how members participate in the organization.

Some argue that member participation is the most important component of an apex organization assessment, which is a strong argument given the importance of participation to areas such as governance and programming. However, areas such as finance, operations, and strategic planning are just as important should not be ignored. For instance, an organization that struggles financially many not survive as a consequence. Likewise, how effectively and consistently can an organization advance its mission without a strong strategic planning process? CHF International carefully considered these issues in designing the *Assessment Tool*, and while it is apparent that the job is difficult, the *Tool* provides a framework through which to conduct the process.

CHF designed the *Assessment Tool* to be used by several audiences, including professional researchers, as well as CHF and apex staff. As such, organizations can use it on their own for self-evaluation and improvement. Given the variety of expected users, the remainder of this document explains how to implement the *Tool* through a step-by-step process; however, it is important to use good judgment, as many gray areas are involved. For example, while interviews should generally take approximately one hour, the exact time will depend on factors such as how much the interviewee has to say. For longer than average interviews, it may make sense for the Surveyor to trim less important questions, however, only if it is possible to do without sacrificing critical substance.

How To Use The *Apex Assessment Tool*

It is worthwhile to begin with a few research basics. One important component of collecting data is consistency so that information from various sources can be compared. For example, asking board members the same questions in the same manner, allows you to compare their responses and gain insight into various directors' breadth and depth of organizational understanding. Likewise, the questions are phrased as objectively as possible to achieve the same goal.

There are three primary steps to conducting an organizational assessment:
1. Collect data
2. Compile and report data
3. Assess organization

Step 1: Collect Data

The first step is to collect the data upon which to base the evaluation. There are several sources of information, including organizational documents, board members, staff, and representatives from the member organizations. Each source is unique, so the surveyor must extract data in different ways. Thus, the *Assessment Tool* includes four modules geared towards what they can provide. Rather than ask everyone the same questions, the *Tool* seeks to tailor the modules to different types of respondents:

Module	Information Type	Information Source	# Interviews
Background	Organizational documents, facts, and figures	COO CFO	1Q 1Q
Member	Member's perspective and knowledge	Member Rep	3
Administrative	Staff's perspective	Corporate Staff Field Staff	1-2 1
Leadership	Leadership's perspective and knowledge	Board Member CEO	2 1

For a thorough assessment, it is important to seek diversity in terms of function and geography. For example, one might interview the Board President, a non-officer Board Member, and three Member Representatives[1] from different parts of the country. Likewise, the Surveyor might interview the CEO, the CFO, one administrative, and one field staff. The total number of interviews[2] should be roughly 50% Members (Board + Other) and 50% Staff (CEO + Other).

1. *Background Module*

The Surveyor should first gather and review basic organizational documents, facts, and figures. Using the Background Module as a guide, the Surveyor should request the following:
   o That the Chief Operating Officer fill out the Background Information questionnaire

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[1] One might break the Member Representatives down further into the staff of member organizations and the board of member organizations. Both are valid representatives of a member organization and may have different perspectives and levels of knowledge regarding the Apex.

[2] This does not count the Background Module questionnaires, because this information merely involves collecting organizational facts.

    o   That the Chief Financial Officer fill out the Financial questionnaires
    o   That the organization provide the key documents

Next, the Surveyor should review the new information to better understand the organization and note important issues to raise during interviews. The Surveyor should also clarify specific questions or inconsistencies regarding the data with the COO or CFO.

    2. Member Module

The perspective of representatives of member organizations is one type of information needed. Since member participation is what differentiates apexes from other nongovernmental organizations, this information is particularly important. The Surveyor should interview members that are located in different parts of the country and who perform different functions within the organization. While the Surveyor should gather the background data in advance, the order of gathering remaining information is less important.

    3. Administrative Module

Another piece is the apex staff. Once again, the Surveyor should obtain a variety of perspectives in relation to the apex's operations. This might include those who work at various organizational levels, functions, and locations.

    4. Leadership Module

The final information type is the perspective and knowledge level of the organization's leadership, including Board Members and the Chief Executive Officer. For diversity, the Surveyor should interview both an officer and non-officer on the Board.

    5. Supplementary Surveys

Each module should be further tailored to the role and interests of each interviewee. This section contains four supplementary surveys that can be added to any module, if the Surveyor deems it appropriate. For instance, if a board member is the chair of the fundraising committee, it would be appropriate to include the "Fundraising and Marketing" questionnaire.

Step 2: Compile Data

The next step is to compile the data in an organized format that CHF and apex staff and board can easily digest and use. The Surveyor should review the information, note trends, and summarize the most relevant information in an easily digestible format. Use the following format as a guide:
    o   Governance
    o   Planning
    o   Program and Operations
    o   Personnel
    o   Finance
    o   Fundraising and Marketing

Step 3: Assess Organization

The final step is to assess the organization using the Assessment Criteria in Part C. In so doing, the Surveyor should combine her observations, analysis, and insight to draw conclusions about the apex organization's strengths, weaknesses, and future challenges.

General Information

Organization:	Person Surveyed:
Address:	Field Offices:
Legal Structure:	Year Founded:
Annual Budget:	Net Surplus (Deficit):
# Members:	# Served by Members:
# Employees: # Vacant Positions:	# Full Time: # Part Time:
# Executive:	# Fundraising:
# Finance:	# Program:
# Other:	# Other:
# Board Members:	# Board Capacity:

What is your understanding of the role of an apex organization and how does your organization fulfill that role?

Is your organization effective? How do you know? Which indicators do you use to assess effectiveness?

What are the interests of the membership that your organization represents? How do you determine this? Does your organization meet the interests of its membership? Explain. If so, what resources and processes make you successful?

What are the primary achievements of your organization? How were these achievements accomplished? What were the factors that contributed?

What areas need improvement? How can these improvements to be realized?

Are there challenges that your organization faces because you provide services to organizations rather than individuals? What is needed to meet these challenges?

Organizational Documents

To help understand the organization before the interviews, please provide as many of the documents below as are available:

- o Mission statement
- o Business plan (if unavailable, then annual or semiannual organizational goals)
- o Constitution and By-Laws
- o Organizational structure
- o Board composition
- o Program description
- o Annual reports including financial statements for the last five (5) years
- o Operations manual(s): including finance, personnel, general operations
- o Employment record

Finance

What type of accounting system does the organization use? How and why was it deemed appropriate?

Are there written financial procedures by which the organization operates? Explain.

Describe the budgeting process from the first draft through the final approval. Who participates in it? How are decisions made?

How is the board informed about the financial status of the organization? How often does the board discuss financial issues at its meetings?

Does the staff present regular financial reports to the board of directors? Which reports? How often? Is an annual, independent audit conducted by a certified accountant? Is this audit presented to the board?

Has the organization ever experienced a net loss at the end of a fiscal year? Does it have cash reserves or a line of credit to cover an operating loss? How many months would it cover?

Provide budget breakdown based on program area below. How is this distribution determined?

Financial Ratios

Current Ratio

Measures financial strength. Can the organization meet its debt payments with its easily liquefiable assets?

Formula: Current Assets / Current Liabilities
Current Assets:
Current Liabilities:
Current Ratio:

Quick Ratio

Measures liquidity. If all income sources disappear, could the organization meet its expenses with its easily convertible funds?

Formula: (Cash + Government Securities + Receivables) / Total Current Liabilities
Cash:
Government Securities:
Receivables:
Total Current Liabilities:
Quick Ratio:

Working Capital

Measures cash flow. How well can an organization weather a financial crisis?

Formula: Current Assets - Current Liabilities
Current Assets:
Current Liabilities:
Working Capital:

Leverage Ratio

Measures debt reliance. How dependent is an organization's operations on debt?

Formula: Liabilities / Net Worth
Liabilities
Net Worth
Leverage Ratio:

Member Module

Program and Operations

What is the structure of the organization, including operational and governing bodies?

Does the organization have experience collaborating with outside partners? If so, describe the kinds of partnerships (private, public, third sector) and the activities? What successes and challenges were faced?

What are the organization's primary program areas? Why and how were these program areas selected? How do you prioritize the importance of each area?

Does the organization engage in advocacy? Why or why not? If so, which issues are you working on and how are they selected? To whom is the organization directing its advocacy work? Why?

Does the organization engage in policy-level work? Why or why not? If so, which issues are you working on and how are they selected? Whom is the organization engaging with in its policy work?

Does the organization provide services to its membership and what are they? Why and how were these services selected? Which is most important to your members?

Do you provide services to your members geared towards leadership, management, or participation? Is this integrated with other aspects of the organization, such as board members recruitment? Explain.

Is it a higher priority for your organization to provide services to your members or to advocate for their interests? Why?

In your opinion, how well is the organization managed? Explain. Does the way in which the organization is managed contribute to its success? How? Is feedback sought on how the organization is performing?

Planning

What is the organization's mission?

Do you have a strategy for achieving this mission? Is this strategy documented in a business plan or similar document? If so, what period does it cover? Explain.

How was the strategy and implementation developed? Who was involved in the development of the plan? How were its objectives prioritized? Board, staff, members, others? Explain.

Is the plan periodically assessed to determine how well objectives are accomplished and to make adjustments? Explain this process. What indicators are used? Who is involved? How often does it occur?

How do you determine the quality of your program outcomes? Do you measure its impact on people's lives? For instance, is data collected regarding what is produced and how it affects people's lives? If the impact is not as planned, how do you respond?

Provide examples of objectives that were met. What factors contributed to realizing these objectives?

Provide examples of objectives that were not met. Why were the objectives not met?

What lessons have you learned about planning and implementation?

Governance

How are members of the board of directors determined? Are some appointed and others elected? Are there different categories of directors? Explain.

Do directors represent certain organizations or constituencies? Explain.

What are the roles and responsibilities of the board? What kind of a supervisory role does the board play? Provide examples. What types of specific activities does it undertake to accomplish its responsibilities?

Does the board have active working committees? Note each one and how often they meet. Does the board establish ad hoc committees to oversee specific activities? Provide examples.

Describe the board's planning and training activities. What is their purpose? For instance, is there a new member orientation or board planning retreat?

Do directors contribute meaningfully to the organization? Be concrete. If they do not, why?

Do members contribute meaningfully to the organization? For instance, how do they participate in the decision-making? Be concrete. If they do not, why?

Do the board and staff share a vision for the organization's role and future? Is this vision shared by the membership? How do you know that this is the case?

When appropriate, please choose a "specialty" section based on the interviewees' role or interests in the organization.

Administrative Module

Program and Operations

What is the structure of the organization, including operational and governing bodies?

Are your operational procedures documented in some way? For instance, is there an operations manual? Are these procedures relevant to the current operations? Are they updated regularly?

Does the organization have experience collaborating with outside partners? If so, describe the kinds of partnerships (private, public, third sector) and the activities? What successes and challenges were faced?

What are the organization's primary program areas? Why and how were these program areas selected? How do you prioritize the importance of each area?

Does the organization engage in advocacy? Why or why not? If so, which issues are you working on and how are they selected? To whom is the organization directing its advocacy work? Why?

Does the organization engage in policy-level work? Why or why not? If so, which issues are you working on and how are they selected? Whom is the organization engaging with in its policy work?

Does the organization provide services to its membership and what are they? Why and how were these services selected? Which is most important to your members?

Do you provide services to your members geared towards leadership, management, or participation? Is this integrated with other aspects of the organization, such as board members recruitment? Explain.

Is it a higher priority for your organization to provide services to your members or to advocate for their interests? Why?

In your opinion, how well is the organization managed? Explain. Does the way in which the organization is managed contribute to its success? How? Is feedback sought on how the organization is performing?
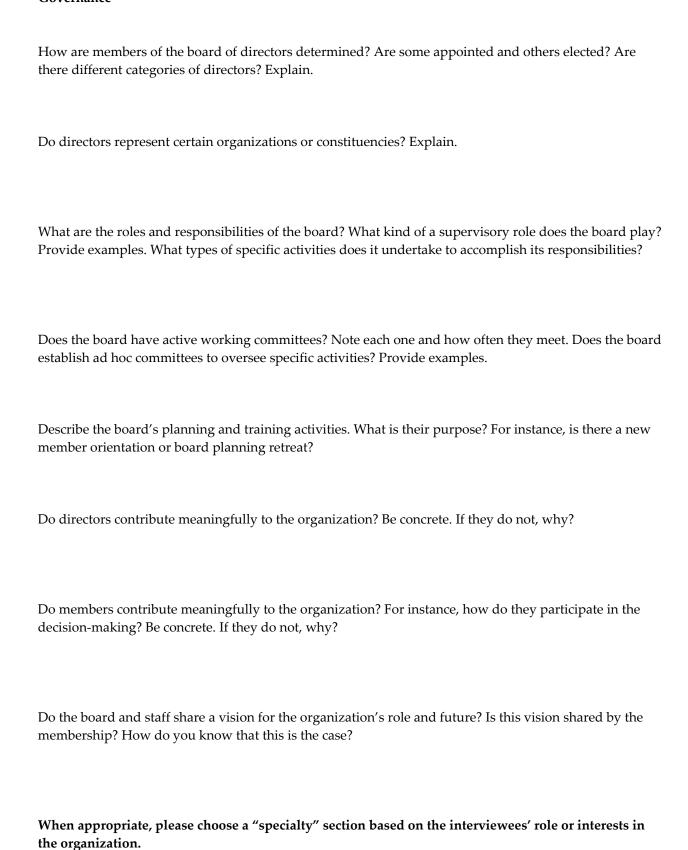
Planning

What is the organization's mission?

Do you have a strategy for achieving this mission? Is this strategy documented in a business plan or similar document? If so, what period does it cover? Explain.

How was the strategy and implementation developed? Who was involved in the development of the plan? How were its objectives prioritized? Board, staff, members, others? Explain.

Is the plan periodically assessed to determine how well objectives are accomplished and to make adjustments? Explain this process. What indicators are used? Who is involved? How often does it occur?

How do you determine the quality of your program outcomes? Do you measure its impact on people's lives? For instance, is data collected regarding what is produced and how it affects people's lives? If the impact is not as planned, how do you respond?

Provide examples of objectives that were met. What factors contributed to realizing these objectives?

Provide examples of objectives that were not met. Why were the objectives not met?

What lessons have you learned about planning and implementation?

Personnel

How long does the average employee stay with your organization?

Entry Level: Mid Level: Senior Manager: Executive Director:

When someone new is hired, how is the employee oriented? Are succession plans made when key employees leave their positions? Provide examples.

What are your roles and responsibilities within the organization? What are your roles and responsibilities in relation to the membership? How did you arrive at this understanding?

How is an employee's performance reviewed and how frequently? Are incentives available to reward high performance? Explain.

How is information communicated amongst the staff?

Are personnel policies documented in some way? Is there a personnel policy manual? Does the organization operate according to these policies?

What opportunities are there for different levels of staff to develop professionally?

When appropriate, please choose a "specialty" section based on the interviewees' role or interests in the organization.

Leadership Module

Governance

How are members of the board of directors determined? Are some appointed and others elected? Are there different categories of directors? Explain.

Do directors represent certain organizations or constituencies? Explain.

How long is a term on the board? How long does the average director stay on the board? Is there a process or awareness to determine which skills are needed on the board to function effectively?

What are the roles and responsibilities of the board? What kind of a supervisory role does the board play? Provide examples. What types of specific activities does it undertake to accomplish its responsibilities?

Does the board have active working committees? Note each one and how often they meet. Does the board establish ad hoc committees to oversee specific activities? Provide examples.

Describe the board's planning and training activities. What is their purpose? For instance, is there a new member orientation or board planning retreat?

Do directors contribute meaningfully to the organization? Be concrete. If they do not, why?

Do members contribute meaningfully to the organization? For instance, how do they participate in the decision-making? Be concrete. If they do not, why?

How can the participation on the board be improved? How can member participation be improved?

Do the board and staff share a vision for the organization's role and future? Is this vision shared by the membership? How do you know that this is the case?

Planning

What is the organization's mission?

Do you have a strategy for achieving this mission? Is this strategy documented in a business plan or similar document? If so, what period does it cover? Explain.

How was the strategy and implementation developed? Who was involved in the development of the plan? How were its objectives prioritized? Board, staff, members, others? Explain.

Is the plan periodically assessed to determine how well objectives are accomplished and to make adjustments? Explain this process. What indicators are used? Who is involved? How often does it occur?

How do you determine the quality of your program outcomes? Do you measure its impact on people's lives? For instance, is data collected regarding what is produced and how it affects people's lives? If the impact is not as planned, how do you respond?

Provide examples of objectives that were met. What factors contributed to realizing these objectives?

Provide examples of objectives that were not met. Why were the objectives not met?

What lessons have you learned about planning and implementation?

Program and Operations

What is the structure of the organization, including operational and governing bodies?

Are your operational procedures documented in some way? For instance, is there an operations manual? Are these procedures relevant to the current operations? Are they updated regularly?

Does the organization have experience collaborating with outside partners? If so, describe the kinds of partnerships (private, public, third sector) and the activities? What successes and challenges were faced?

What are the organization's primary program areas? Why and how were these program areas selected? How do you prioritize the importance of each area?

Does the organization engage in advocacy? Why or why not? If so, which issues are you working on and how are they selected? To whom is the organization directing its advocacy work? Why?

Does the organization engage in policy-level work? Why or why not? If so, which issues are you working on and how are they selected? Whom is the organization engaging with in its policy work?

Does the organization provide services to its membership and what are they? Why and how were these services selected? Which is most important to your members?

Do you provide services to your members geared towards leadership, management, or participation? Is this integrated with other aspects of the organization, such as board members recruitment? Explain.

Is it a higher priority for your organization to provide services to your members or to advocate for their interests? Why?

In your opinion, how well is the organization managed? Explain. Does the way in which the organization is managed contribute to its success? How? Is feedback sought on how the organization is performing?

Personnel

How long does the average employee stay with your organization?

Entry Level: Mid Level: Senior Manager: Executive Director:

When someone new is hired, how is the employee oriented? Are succession plans made when key employees leave their positions? Provide examples.

What are your roles and responsibilities within the organization? What are your roles and responsibilities in relation to the membership? How did you arrive at this understanding?

How is an employee's performance reviewed and how frequently? Are incentives available to reward high performance? Explain.

How is information communicated amongst the staff?

Are personnel policies documented in some way? Is there a personnel policy manual? Does the organization operate according to these policies?

What opportunities are there for different levels of staff to develop professionally?

Finance

What type of accounting system does the organization use? How and why was it deemed appropriate?

Are there written financial procedures by which the organization operates? Explain.

Describe the budgeting process from the first draft through the final approval. Who participates in it? How are decisions made?

How is the board informed about the financial status of the organization? How often does the board discuss financial issues at its meetings?

Does the staff present regular financial reports to the board of directors? Which reports? How often? Is an annual, independent audit conducted by a certified accountant? Is this audit presented to the board?

Has the organization ever experienced a net loss at the end of a fiscal year? Does it have cash reserves or a line of credit to cover an operating loss? How many months would it cover?

Provide budget breakdown based on program area below. How is this distribution determined?

When appropriate, please choose a "specialty" section based on the interviewees' role or interests in the organization.

Supplementary Surveys

Governance

How are members of the board of directors determined? Are some appointed and others elected? Are there different categories of directors? Explain.

Do directors represent certain organizations or constituencies? Explain.

How long is a term on the board? How long does the average director stay on the board? Is there a process or awareness to determine which skills are needed on the board to function effectively?

What are the roles and responsibilities of the board? What kind of a supervisory role does the board play? Provide examples. What types of specific activities does it undertake to accomplish its responsibilities?

Does the board have active working committees? Note each one and how often they meet. Does the board establish ad hoc committees to oversee specific activities? Provide examples.

Describe the board's planning and training activities. What is their purpose? For instance, is there a new member orientation or board planning retreat?

Do directors contribute meaningfully to the organization? Be concrete. If they do not, why?

Do members contribute meaningfully to the organization? For instance, how do they participate in the decision-making? Be concrete. If they do not, why?

How can the participation on the board be improved? How can member participation be improved?

Do the board and staff share a vision for the organization's role and future? Is this vision shared by the membership? How do you know that this is the case?
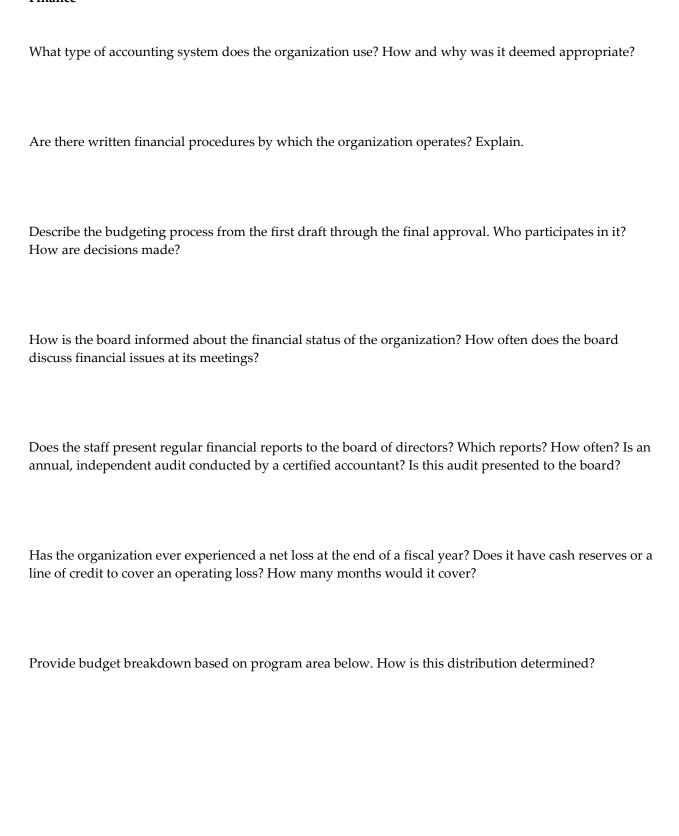
Personnel

How long does the average employee stay with your organization?

Entry Level: Mid Level: Senior Manager: Executive Director:

When someone new is hired, how is the employee oriented? Are succession plans made when key employees leave their positions? Provide examples.

What are your roles and responsibilities within the organization? What are your roles and responsibilities in relation to the membership? How did you arrive at this understanding?

How is an employee's performance reviewed and how frequently? Are incentives available to reward high performance? Explain.

How is information communicated amongst the staff?

Are personnel policies documented in some way? Is there a personnel policy manual? Does the organization operate according to these policies?

What opportunities are there for different levels of staff to develop professionally?

Finance

What type of accounting system does the organization use? How and why was it deemed appropriate?

Are there written financial procedures by which the organization operates? Explain.

Describe the budgeting process from the first draft through the final approval. Who participates in it? How are decisions made?

How is the board informed about the financial status of the organization? How often does the board discuss financial issues at its meetings?

Does the staff present regular financial reports to the board of directors? Which reports? How often? Is an annual, independent audit conducted by a certified accountant? Is this audit presented to the board?

Has the organization ever experienced a net loss at the end of a fiscal year? Does it have cash reserves or a line of credit to cover an operating loss? How many months would it cover?

Provide budget breakdown based on program area below. How is this distribution determined?

Fundraising and Marketing

What is the organization's fundraising strategy? How does it relate to the organization's planning process? What is the process for developing the strategy?

Who does the fundraising?

Person	Percentage of Work	Number of People	Responsibilities
Board of Directors		_____Directors	
Executive Director		1	
Fundraising Staff		____FT ____PT	

How many different funders comprise the majority of the operating budget? What is the breakdown of income-type received from various sources?

Source	Amount	Percentage	Number of Funders	Notes
Public				
Private				
Member				
Other				
Other				

What are specific challenges that the organization faces with respect to fundraising?

What income-generating methods, such as fee-for-service, are used and which have been successful and unsuccessful? Why? What aspects of the unsuccessful methods need to be changed?

How are resources mobilized from members and how are they distributed? Are there aspects of the current approach that work well or could be improved?

How many grant agreements is the organization currently engaged in? Is it in full compliance with these agreements?

How do the requirements of these agreements affect its accountability to the membership? What is your approach towards balancing funding requirements with the interests of the membership?

Is the organization aiming to increase its membership? Why or why not? If so, what is the strategy? Who is involved in membership enlargement?

What marketing techniques, if any, are used by the organization? Who is its target audience?

Assessment Criteria

This document is the companion to the Assessment Survey. As apex organizations conduct self assessments, their own honest judgment will be the best criteria at their disposal; however, the standards that follow will be useful as well. Taken as a whole, these criteria may comprise an idealized image of how apex organizations should be managed, yet they are useful to the extent that organizations can always improve and standards are helpful for comparison. The reader should be aware that this document attempts to be relevant to a range of organizations serving different clientele in different countries and contexts. As such, it works best as a reference rather than the final word.

Program and Operations

- The organization's policies and procedures are codified in an operations manual that is available to board members and employees. The procedures are approved by the board, appropriately updated, and consistently followed by staff.

- The Board of Directors conducts a formal evaluation of the Executive Director on an annual basis.

- The organization engages in collaborations with partners to enhance efficiency, achieve common goals, or otherwise serve its mission. Upon completion, the collaboration is assessed to analyze the success in achieving its goals.

- If the organization advocates on behalf of its members, it is conducted with a high degree of member participation.

- If the organization provides services to its members, the services are relevant to the challenges they face. Also, the services are provided in a way that encourages leadership in with the apex.

- The organization identifies and addresses the most pressing concerns of non-management staff.

- The organization has clear and efficient methods of communicating with board and staff and sees communication has central to good management.

- The organization meets all of its legal requirements, including those related to corporate structure, taxes, financial reporting, and employees rights.

- The organization employs staff or consultants that are proficient in their designated fields whether they require technical, analytical, or communication skills.

Planning

- The board and key staff have drafted vision and mission statements, which are periodically reviewed, and if necessary, revised.

- The board and key staff meet at least annually to assess performance and plan for the future. The board takes a leadership role in this function and involves staff and members constructively.

- The planning process is open to all, including members, directors, and all staff. Participation is encouraged by those leading the effort.

- The organization has a multi-year business plan that outlines its goals and how they will be achieved.

- The plan is segmented into annual pieces that departments and individuals draw upon for their specific goals. Department goals are clear and timelines are managed regularly. Individual employees comprehend their goals and understand how to prioritize.

- The staff evaluates the program goals annually and reviews their progress, successes, and shortfalls. On a broader level, the staff and board also evaluate how well programs are achieving their purposes. When appropriate, the staff collects data to assess the effectiveness of its programs.

- New programs arise from the planning process and are implemented only once organization is ready and funding is in place.

- The organization plans for potential problems such as the unexpected resignation of a key staff member or the withdrawal of a significant funder. For instance, if the Director of Finance resigns with little notice, another staff person understands the accounting system and would be able to continue administering it efficiently.

Governance

- The membership elects the board of directors, and ideally, each director represents an organization, region, or comparable constituency to which he or she is accountable. Likewise, the board's composition is representative of the membership in terms of geography, ethnicity, gender, income, and other relevant matters.

- While the board is representative in nature, directors understand their responsibility to balance the interests of their constituencies with what is best for the organization as a whole. Perhaps, for balance, some directors are elected "at large" and are not tied to a population.

- The board is aware of the importance of having a variety of professional skills and is able to balance this goal with the requirements for electing new members.

- The board meets on a regular basis and makes decisions regarding the organization's direction. An executive committee, composed of board officers, is empowered to make essential decisions when the board is not in session.

- The board is compelled to debate issues and make decisions, and it focuses on matters such as financial oversight, fundraising, and strategy, rather than daily operations. If individual board members are involved in daily affairs, this is done constructively and the lines of authority are clear.

- Board members serve on standing committees that are tied to operations. Common committees include executive, finance, fundraising, flections, and others based on program administration.

- Attendance to board meetings is high and absences are accounted for. If a director misses too many meetings without explanation, he or she is asked to step down.

- The board conducts annual trainings that are geared towards the needs of both new and experienced directors. Fundamentally, trainings cover roles and responsibilities, board member liabilities, and financial oversight.

- The board provides each director with and manual on organizational background and a job description that clearly outlines board roles and responsibilities.

- The board and executive staff share a common vision for the organization and are able to work together as a team. Disagreements are worked out in a constructive manner.

Personnel

- When hired, supervisors provide employees with updated personnel policies which cover expected hours, vacation time, holidays, benefits, overtime policies, grievance procedures, and other policies relevant to employment.

- Supervisors provide employees with updated job descriptions that clearly and realistically state the responsibilities and salary range for each position.

- The organization provides the resources necessary for its employees to achieve their expected goals.

- The organization tracks its employee turnover rate and makes an honest attempt to improve it. A good starting point is an average of two years.

- The organization tracks the industry standards for salary and benefits and makes it a priority to match or exceed these benchmarks. Managers view compensation as central to employee satisfaction and attempt to be as competitive as possible.

- At least annually, supervisors evaluate employee performance and provide constructive feedback on strengths and weaknesses. They also use these documents as the basis for decisions on salary increases, and employees understand how to obtain a raise.

- The organization formally orients new employees to the organization, explaining responsibilities, employment logistics, and the organization's mission.

- The organization provides its employees with professional training opportunities such as college courses, workshops, on-the-job training, and other forms of staff development.

Finance

- In the last five years, the organization has ended most fiscal years with a surplus.

- The organization has at least six months of cash reserves in a high-yield savings account, or other secure investment in which the cash can be accessed promptly.

- The finance department produces monthly budget variance reports within three weeks of the end of the month. Executive staff presents monthly reports to the board treasurer or finance committee and quarterly reports to the board of directors.

- The finance reports are in a format that the board, staff, and other users find clear and understandable.

- The organization has thought carefully about financial management and has designed an accounting system that is appropriate to for its needs both on a macro level (accrual vs. cash) and a micro level (simple vs. complex). For instance, accrual accounting is focused on measuring how well a business generates net income, while a cash-based accounting is geared meeting certain budgetary constraints.

- The organization's policy manual includes procedures for financial management that are strictly followed.

- The process for approving, processing, and accounting for expenditures is clearly delineated and involves several executive staff. For instance, each check requires the signature of one or two staff members outside of the finance department.

- Key participants clearly understand the budget process and have a say in how funds are allocated. For example, each department proposes and manages its budget and is held accountable for its financial performance. Participants may include the Executive Director, Board of Directors, Finance Committee, Treasurer, Finance Director, and other department directors.

- The Board of Directors is understands the importance of financial oversight and every member is educated in financial basics, such as how to read and ask important questions about a budget and financial reports. At least one board member is a financial professional and has a sophisticated understanding of accounting and finance.

Financial Ratios

Financial ratio analysis is not an end in itself but is rather is starting point for further investigation. Since businesses, even within the nonprofit sector, differ significantly in operations, their financial indicators will consequently differ. Banks commonly use the following ratios to analyze the capacity to take on debt; however, they also shed light on an organization's financial health.

- *Current Ratio:* A good current ratio is 2:1, and the minimum is 1:1. The importance of this ratio depends on the organization's level of long term debt. In any case, a smart practice is to budget money to build an operating reserve.

- *Working Capital:* It is instructive to analyze working capital over a period of time, which will provide insight into the organization's capacity to withstand financial hardship. Since it's not a ratio, it is difficult to put a number on it, but generally, higher is better.

- *Quick Ratio:* A good quick ratio is 1:1. Managers should pay special attention to the percentage of assets that are classified as accounts receivable. High percentages should raise liquidity questions such as "How long does it take to collect on accounts receivable?"

- *Leverage Ratio:* As with working capital, there is no standard leverage ratio that is a bottom line. The level of debt necessary to operate effectively is so dependent upon the sector that it is impossible to standardize. Certainly, a ratio approaching 1:1, meaning that all assets are leveraged with debt, is not desirable but is possible.

Fundraising and Marketing

- The board and staff have created a multi-year fundraising plan that is reviewed annually. The board and staff use the plan to draw measurable annual goals and assess performance.

- The organization has at least one full time employee solely dedicated to fundraising who raises at least enough money to cover his or her salary and expenses. Board members and the Executive Director are a central part of the fundraising program and their efforts are coordinated by the fundraising staff.

- Members pay dues, and the organization views them as a primary funding source and cultivates relationships accordingly. Likewise, the organization actively seeks ways to increase its membership through recruitment.

- The organization generates income through fee-based services or similar methods.

- The organization enters into grant agreements only after thorough review and negotiation. These contracts complement its mission and its members' interests.

- The organization has a diversified stream of funding that it actively analyzes and attempts to spread across a range of sources. No single funder provides the majority of the organization's operating budget.

- The organization has contacts that it can call upon for media exposure, and those contacts consider the organization a resource that it can call upon to solicit information about its field.

- The organization allocates ample funds to a marketing budget and uses various media outlets (print, television, internet) as marketing tools. For instance, the President writes a letter to the editor on the subject of affordable housing that is printed in a national newspaper.

- The marketing materials have a unified theme that might include a color scheme, logo, or motto. Such materials include all documents used for communication purposes: newsletters, annual reports, brochures, letterhead, and promotional items.

- The organization uses internet technology effectively through a home page and staff email. If one has questions about the organization, a staff person's contact information is readily accessible.

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Attachment 6:

**Briefing: Community-Driven Development
and Conflict Management Workshop**

By Jonathan Temin and Richard Hill, CHF International HQ

(2110 words)

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It is often asserted, in this journal and elsewhere, that people from the "conflict community" and their counterparts in the "development community" do not interact and share experience and insights often enough. In an effort to continue bridging this divide, CHF International, a development and humanitarian organization, convened a workshop on February 20th, 2004 under the title "Exploring Dynamics between Community-Driven Development and Conflict Management." In an effort to bridge another frequently maligned divide, between practitioners and academics, the workshop was co-sponsored and hosted by the Conflict Management and International Development programs at The Paul H. Nitze School of Advanced International Studies (SAIS) of The Johns Hopkins University.

The workshop revolved around a single question: Can development projects, in which members of the communities targeted identify and prioritize their most pressing needs, build peace and mitigate violent conflict? Though the question is straightforward the answer is not, especially considering the complications surrounding efforts to measure conflict prevention.

The workshop was attended by roughly 70 people from academia, development organizations such as CHF International, Catholic Relief Services and ACDI/VOCA, and donor agencies, including the United Nation Development Programme (UNDP), the United States Agency for International Development (USAID) and the World Bank.

This briefing is not a comprehensive summary of the workshop. Rather, we seek to draw out some of the most salient points made during each of the four panels held. The workshop did not produce broad conclusions, but it highlighted challenges and complications associated with development programming in conflict-prone societies and development programming that explicitly seeks to build peace. Some of the more provocative arguments made during each panel are described below:

Process and product

There is a tension between process and product inherent to development initiatives seeking to build peace: to what extent should the process involved in development projects be prioritized relative to emphasizing the final product itself? There is no definitive answer to this question, and much depends on the particular context. The first two panels, titled "Process: Can local development initiatives emphasizing democratic processes, participation, transparency and leadership build peace?" and "Product: Can

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local development promoting infrastructure renewal, investment, economic development and access to resources build peace?" sought to engage this dynamic.

Most panelists focused their remarks on the process side of the equation, an implicit nod to the belief that in the process versus product balancing act, the former is more influential in peace building activities. Jonah Blank, currently a staffer on the U.S. Senate Committee on Foreign Relations (representing only himself on this occasion), spoke first about the recent work of his friend and colleague Ashutosh Varshney[1]. Varshney's research is critical to peace building work in almost any context because it provides quantifiable evidence that strong intercommunal civil society structures can serve as a bulwark against violent conflict. Varshney argues that "by promoting communication between members of different religious communities, civic networks often make neighborhood-level peace possible. Routine engagement allows people to come together and form temporary organizations in times of tensions. Such organizations, though short-run, turned out to be highly significant."[2] Blank added that such intercommunal organizations explain, to some extent, why political manipulation escalates towards violent conflict in some instances but not in others. In order for such organizations to have this effect, though, Blank said they cannot be geared only towards the problems they are intended to solve, because then the potential ancillary benefits are minimized.

Varshney's work could imply that processes utilized by development organizations which strengthen intercommunal civic networks can build communal peace. Preliminary evidence supporting this hypothesis was provided on the second panel by Patrick Barron, who runs a research project analyzing the effects of the World Bank's sizable Kecamatan Development Project (KDP) in Indonesia. Barron identified several preliminary findings of the study (though he was careful to note that they only apply to communities in which KDP works roughly as it is designed to): greater participation in development activities is generating increased intercommunal interaction in other areas of village life; some villagers who were not involved in community decision-making processes previously now play a more active role in government-led meetings; levels of trust in some villages have increased, resulting in people relating to one another in new and constructive ways; some problems are being addressed earlier than they were previously, before they erupt at the intercommunal level; and finally that these effects described above only apply when there is local leadership buy-in to the development program.

Richard Ford, a research professor at Clark University with substantial experience in community peace building in Africa, sounded a refrain that was repeated throughout the day: in order to have any chance of building communal peace, community development must be based in needs that the community identifies, not on any external needs. He identified three assumptions that development organizations should make when entering a community: any community is filled with knowledge and local information, but that information may not be well organized; every community is filled with resources, but resources may not be very well mobilized; and external resources have value only when they respond to needs identified by the community. He also argued that in many communities voting – a practice often introduced by development organizations – is

counterproductive because it creates clearly defined winners and losers, which can aggravate existing tensions or create new divisions. Finally, he pointed out that women are a vastly underutilized resource in peace building activities.

A more cautionary note was sounded by other panelists. William Yaeger of USAID said that what often trips up peace building initiatives are outsiders' lack of understanding of the incentive structures at work within a community and community members' lack of understanding of what outsiders are offering them. Robert Muscat, the former chief economist at USAID, added that local development projects not accompanied by parallel efforts to address structural forces driving conflict are unlikely to produce national-level peace.

Keith Brown of Brown University said that while many development programs seek to build social capital within communities, some theorists now view social capital as an *individually* owned resource that helps people gain access to resources in the second economy, somewhat akin to cronyism. Brown argued that some people, especially in the Balkans, are eager to see the role of social capital (and by extension cronyism) reduced, and he questioned whether development initiatives are responding to this wish. (Muscat emphasized this point by arguing that in Rwanda, strong social capital within Hutu society played an important role in the efficient execution of the 1994 genocide)

Finally, Victor Tanner, an independent scholar associated with SAIS with substantial field experience, added that the political repercussions of development initiatives can be strong, and that the development community is often disinclined to recognize or address such repercussions. It is not always necessary to engage with those in power, he said, and sometimes doing nothing may be the best course of action.

Scaling Up

"Scaling up" is a frequently used term in development circles, but how development organizations approach scaling up and under what conditions it is possible, and even desirable, is sometimes unclear. The third panel of the day, titled "Scaling up: Can community-driven development promote macro-level reform?" sought to address these issues. Sarah Cliffe of the World Bank discussed scaling up while presenting the Bank's recent work on "Community-Driven Reconstruction as an instrument in war-to-peace transitions." For scaling up to occur, she argued, programs must move out of pure physical reconstruction to address service delivery and policy choices, otherwise critical institutions don't get involved, institutional reform can't occur and the program remains purely physical. She later added that development organizations need to realize that virtually everybody in the societies in question is a political actor. In efforts at scaling up, she said, these organizations need to focus on facilitating a process of decision-making and not attempt to pick winners or push positions that may later turn into overtly political positions.

Picking up on Cliffe's argument about political actors, Mari Fitzduff, a professor at Brandeis University who previously directed the Community Relations Council of

Northern Ireland, emphasized the importance of addressing, and not avoiding, politics when scaling up. She recognized that community development people generally dislike "politics" as they see it, and that persuading communities to get involved in social and economic reform is much easier that persuading them to get involved in political reform. Nonetheless, she recalled a women's group in Northern Ireland that, in the midst of the conflict, recognized that in order to exert influence they had to become increasingly political, and did so through the formation of a political party. The lesson is not that development organizations should be in the business of forming political parties, but that the people they serve cannot ignore political issues if scaling up is to occur. Fitzduff added that community development initiatives can offer excellent political cover for politicians seeking neutral venues in which to meet. In Northern Ireland, for example, Sinn Fein and loyalist leaders were able to meet under their "community development hats" at times when overtly political meetings were impossible.

These panelists were followed by John Bray of Control Risks Groups, recently returned from an analysis of the CHF International Municipal Economic Development Initiative (MEDI) in Bosnia. Bray views scaling up in Bosnia as a matter of transitioning between two contradictory "logics": the "old logic" that is defined by ethnic groupings and is defensive, nationalistic, top-down, and not accountable; and the "new logic" that is more inclusive, bottom-up, multi-ethnic, more accountable, and, critically, recognizes that businesspeople need people of other ethnicities in order to succeed. Initiatives such as MEDI help facilitate this transition, Bray argued, because they focus on developing small enterprise and forming and strengthening business associations, all of which work to move communities towards the new logic of entrepreneurship. Bray also noted that businessmen clearly connect peace, stability and stable governance to increased business opportunities. This is a factor in the political forces that support reform in Bosnia.

Measurement

Measurement, a topic that was eagerly anticipated but often proves frustrating, was the focus of the final panel, "Measurement and beyond: How do we measure the effects of community driven development initiatives relative to conflict, and where do we go from here?" Peter Woodrow, who directs the Collaborative for Development Action's Reflecting on Peace Practice (RPP) project, pointed out that development organizations haven't standardized measurements practices – some measure effects of their programs regularly, some haphazardly and some not at all. He emphasized that an exhaustive analysis is not usually necessary for effective measurement, underscoring Richard Ford's point that the necessary information is found in the community. Woodrow also suggested that development organizations need to be more explicit about their theories of change, which should serve as the bedrock of their programming. These theories, he emphasized, need to be testable and adaptable.

Fitzduff joined this panel as well and presented a series of questions that should be asked in order to measure effectiveness of community development programs operating in potentially unstable environments, among them: Does the process encourage people to be braver about moving in and out of a group? Does it create exit structures? Does the

process create alternative places to belong (such as youth clubs)? Is outside intervention helping to increase groups' capacity to discuss extraordinarily difficult issues? Or are these discussions avoided?

Mary Stewart of USAID struck a different note in arguing that it is monitoring during a project, and not just evaluation after a project is complete, that is most critical. She emphasized the importance of trying to understand, on a daily basis, whether programs are moving towards their objectives. Complicating this task, she said, is the search for effective monitoring instruments. Most discussion in this field focuses on the hunt for indicators, but Stewart sees identifying instruments as the more pressing problem.

Moving forward

One clear finding came out of the workshop: the development community is only beginning to understand how its work impacts conflict, and any conclusions reached so far are only preliminary. Nonetheless, judging from the workshop attendance and the depth of discussion, there is a significant number of people, both practitioners and academics, focusing on this dynamic. The fact that there were no broad conclusions reached only underscores the complexity of the topics discussed. The workshop highlighted several themes that require continued research and raised important questions. We hope that both the development community and conflict community will vigorously pursue answers, and do so in tandem with one another.

Jonathan Temin is a CHF International Program Officer. Richard Hill is director of CHF International's Office of Emergency and Transition Programs.

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[1] See Varshney, A. 2002, *Ethnic Conflict and Civic Life*, New Haven: Yale University Press
[2] Ibid., p. 9

COOPERATIVE DEVELOPMENT PROGRAM (CDP)

Selected Reports of VIP's (Visiting International Professionals) fielded between 1997 and 2004

Alex N. Miller	South Africa, October 6-23, 1999: Assist East London Housing Management Cooperative (ELHMC) in the development and promotion of the first cooperative housing project in South Africa.
Maria Rupp	Poland, November 2-23, 1998: Condominium Development Pilot program in Kutno and Zychlin: educating residents, property managers, and local officials in issues relating to the management of condominiums and communal housing projects.
David Freed	Philippines, November 6-21, 1998: Assess partner NHA's (National Housing Authority) experience in cooperative housing development; conduct preliminary research on financing options for cooperative housing development in the Philippines.
James E. Glantz	Poland, February 14-28, 1999: Assess Condominium Loan Program of Big Bank Gdanski, SA, and its suitability for wider condominium lending in Poland.
Robert Cox	Philippines, May 6-21, 1999: Present the American example of cooperative housing development; share with participants of CDP program through seminars and workshops.
Janis G. Reek	South Africa, East London, March 13-31, 2000: Explain the use of self-help construction methods; prepare a Manual for Cooperative housing Members.
Eric Guetschoff	Philippines, November 5-13, 2001: Analyze the Cooperative Housing Program of partner NHA (National Housing Authority); identify challenges and possible solutions.
A. Henderson	Philippines, November 25-December 21, 2001: Collective versus individual ownership: Share the experience of housing cooperatives in the U.S. ;present the benefits of cooperative housing.

Rita S. Taylor   South Africa, East London, April 7-28, 2001: Produce an operations procedures manual for, and train key members/staff in deposit and loan systems for the East London Savings and Credit Cooperative (ELSACCO).

Arlene Stuker   South Africa, January 15-26, 2002: Assist partner Afesis-Corplan and the East London Housing Management Cooperative (ELHMC) in a rapid appraisal of the internal and external environment; produce a draft sustainability strategy for the cooperative.

Oren Murphy   Uzbekistan, June 4-July 1, 2003: Conduct impact assessment for Community Action Investment Program in Southern Uzbekistan.

Eric Guetschoff   Philippines, May 28-June 26, 2003: Recommendations to the Loan Fund Facility set up by partner NATCCO (National Confederation of Cooperatives).

Joseph Feinberg   South Africa, November 23-December 23, 2003: NCASA Business Plan Development.

Carol Schaer   Bosnia, December 1-12, 2003: Institutional development and capacity building for newly-established homeowner associations in Doboj, Maglaj, and Sarajevo.

Sohini Sarkar   South Africa, March 22-April 4, 2004: Rapid Housing Microcredit Assessment in South Africa.